

Schwab RIA Compensation Report

An addendum to Schwab's 2019 RIA
Benchmarking Study

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Introduction

- Schwab's RIA Compensation Report reflects responses from Schwab's annual RIA Benchmarking Study, the largest study of its kind, and offers a comprehensive look at compensation practices in the independent financial advice industry in 2018.
- A total of 984 firms participated in the compensation portion of the report, representing three-quarters of those who participated in the overall study (1,310 firms). Data was collected on over 11,000 employees across 27 roles.
- Due to the competitive talent landscape, it's helpful for RIAs to consistently evaluate the work environment and overall compensation packages they offer.
- This portion of the RIA Benchmarking Study helps firm leaders develop successful strategies for compensating, motivating, and retaining staff – to prepare for future growth.
- The data enables firms to evaluate how their approach to employee compensation, incentives, benefits, and firm ownership compares with that of their peers.
- According to the 2019 RIA Benchmarking Study¹:
 - 2018 compensation costs for firms with over \$250 million in AUM are 71% of revenue at the median.
 - More than three-quarters (76%) of firms plan to hire staff in the next 12 months.
 - In 2018, 42% of firms recruited employees from other registered investment advisors (RIAs) to fill open positions.

¹ The 2019 Benchmarking Study from Charles Schwab was fielded from January to March, 2019. The study contains self-reported data from 1,310 RIA firms. Hiring data represents firms with \$250 million or more in AUM.

Key Findings

RIA success is driven by staff effectively serving clients and building strong relationships. Rewarding and developing top talent are foundational principles that help build enduring firms.

Schwab's 2019 RIA Benchmarking Study supports firms in developing successful compensation strategies to attract, motivate, and retain key staff.

Client Account Management, Sales, and Marketing

- Base salaries for client account management, sales, and marketing roles ranged from \$57,000 - \$146,000 at the median.
- Total cash compensation ranged from \$62,000 - \$203,000 at the median. Total cash compensation, including owner profit distributions, ranged from \$62,000 - \$231,000 at the median.
- More Client Service Associates¹ (76%) receive performance-based incentive pay compared with other roles.
- Over a quarter (27%) of Senior Client Account Managers / Relationship Managers have compensation tied to revenue and 46% have some degree of firm ownership – more than any other role.

Investments

- Base salaries for investments roles ranged from \$59,000 - \$130,000 at the median.
- Total cash compensation ranged from \$65,000 - \$161,000 at the median. Total cash compensation, including owner profit distributions, ranged from \$65,000 - \$173,000.
- More than 60% of all investments roles receive performance-based pay. 85% of Portfolio Administrators collect performance-based incentive pay, followed by 83% of Paraplanners, 81% of Traders, 77% of Research Analysts, 68% of Financial Planners, and 61% of Investment/Portfolio Managers.
- One-third (33%) of Investment/Portfolio managers and 14% of Financial Planners have some degree of firm ownership. Almost a quarter (24%) of Financial Planners have 50% or more ownership in their firms, while 17% of Investment/Portfolio Managers have 50% or more ownership.

Operations and Administration

- Base salaries for operations and administration roles ranged from \$43,000 - \$98,000 at the median.
- Total cash compensation, both with and without owner profit distributions, ranged from \$46,000 - \$110,000 at the median.
- More than eight in ten (82%) Technology Professionals receive performance-based incentive pay, followed by Human Resource Professionals (80%) and Operations Directors/Managers, Operations Associates, and Receptionists (73%).
- While operations and administrations staff are less likely to receive firm equity, 13% of Operations Directors/Managers hold some firm ownership.

¹ More information on specific roles can be found in the 'Definitions' section of the report.

GUIDING PRINCIPLES FOR ADVISORY FIRM SUCCESS



Effective planning and execution is a leading indicator of success



Value is defined through your clients' eyes



Operational excellence creates greater capacity for clients



Your reputation is your brand



People are your most important asset



Effective planning and execution is a leading indicator of success

Growing your firm requires focus, strategic planning, and an innovative mindset. Establishing a shared vision for the future, creating alignment, and driving effective execution power your growth engine and provide a clear understanding of the future and how you'll get there.



Value is defined through your clients' eyes

Firms thrive when focusing on the client experience from their clients' point of view. When every person, process, service offering and system maintains an extreme focus on your ideal client, you are able to differentiate your firm in an increasingly competitive landscape.



Operational excellence creates greater capacity for clients

Institutionalizing your business through technology and operations provides operational discipline, allowing you to maximize scalability, manage risk, and build a solid infrastructure so that you can reinvest time where it matters most—with your clients protecting the trust that you have built.



Your reputation is your brand

Every aspect of your firm—employees, centers of influence, clients and even your digital presence—should effectively amplify your firm's reputation within the community you serve in a way that increases referrals and generates new business.



People are your most important asset

Creating a cycle of opportunity to attract and retain top talent helps ensure continuity of your firm's people, culture, and values as you prepare for the future. That's why having a high-performing and diverse team, unlocking their potential, and rewarding and developing the next generation of leadership is a long-term commitment and critical to building a legacy.

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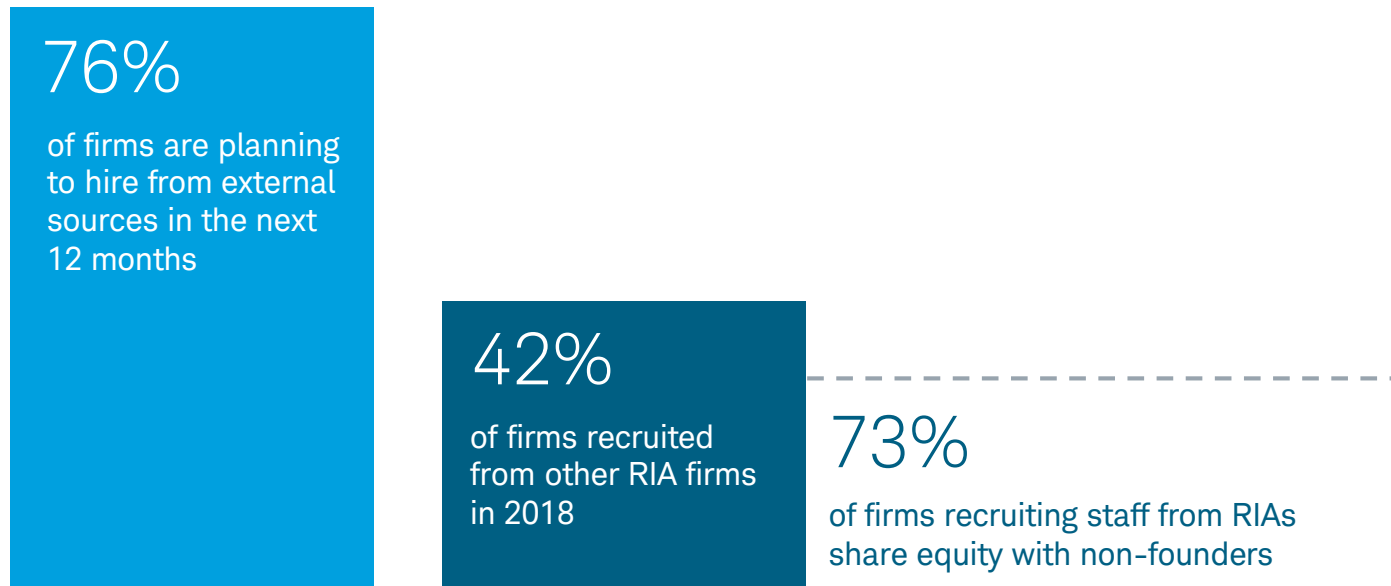


Your
reputation is
your brand



People are your
most important
asset

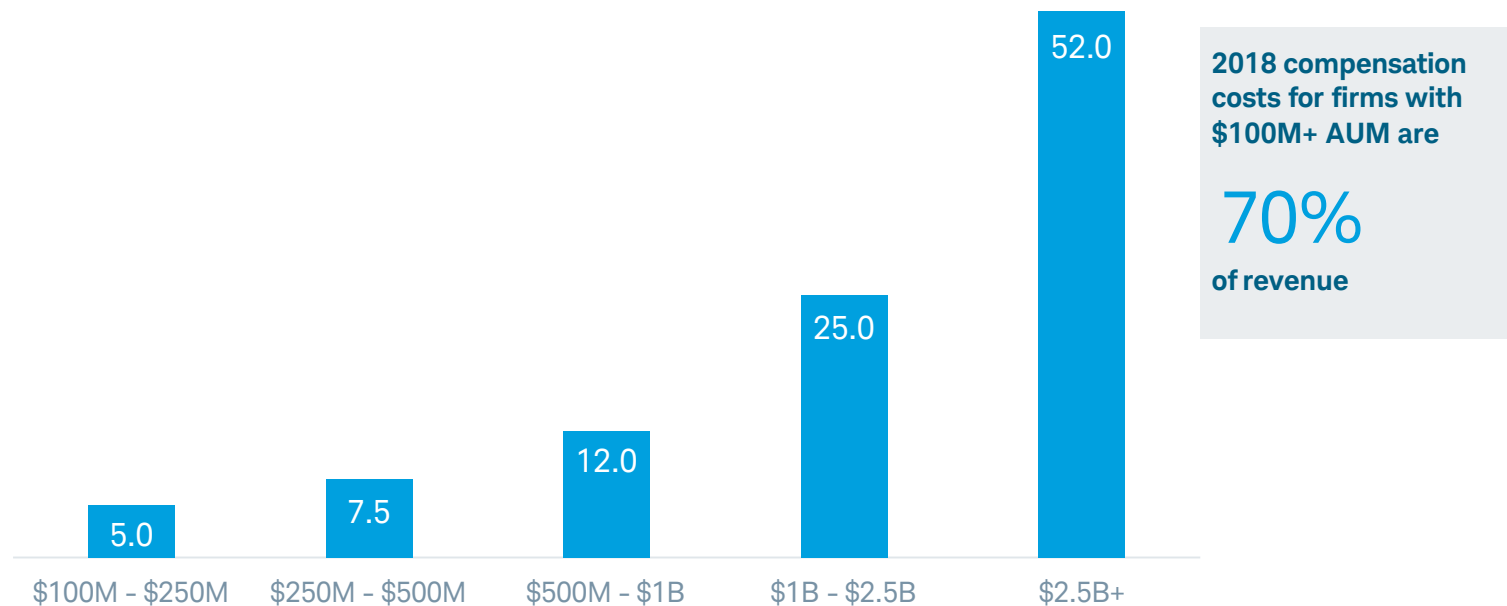
Many firms recruit from other RIA firms, emphasizing the need for a compelling compensation strategy



Results for all firms with \$250 million or more in AUM. 2019 RIA Benchmarking Study from Charles Schwab, fielded January to March 2019. Study contains self-reported data from 1,310 firms. Participant firms represent various sizes and business models categorized into 12 peer groups—7 wealth manager groups and 5 money manager groups—by AUM size.

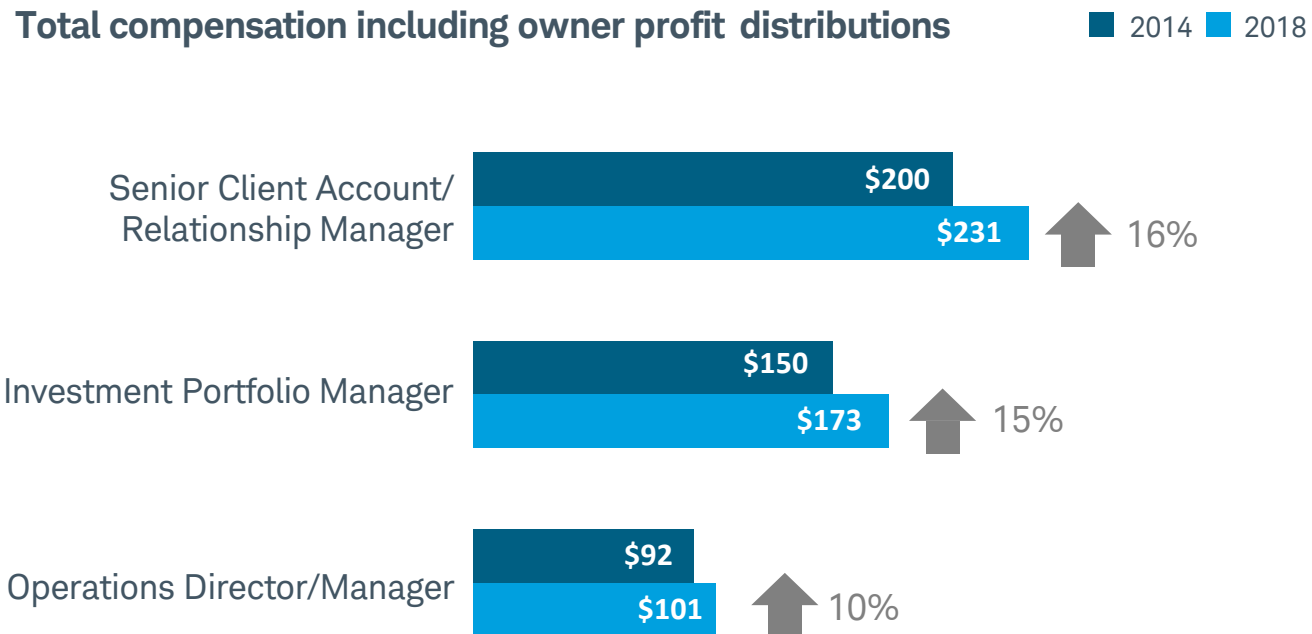
Planning for increased staff and more complex organizational structures is critical as firms grow

Total staff by AUM



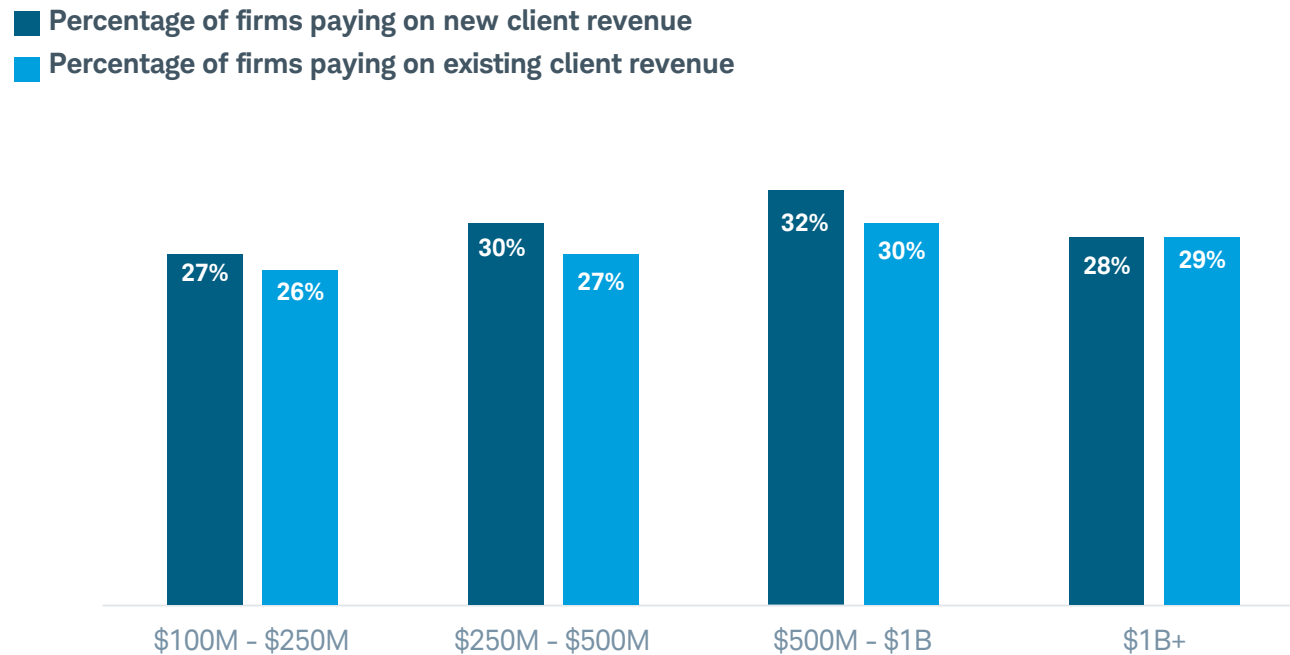
Median results for firms by AUM peer group. Compensation costs include salaries, bonuses, benefits, payroll taxes, and profit sharing. 2019 RIA Benchmarking Study from Charles Schwab, fielded January to March 2019. Study contains self-reported data from 1,310 firms.

Some key roles have seen a strong uptick in compensation



Median results from the compensation portions of the 2015 and 2019 RIA Benchmarking Study from Charles Schwab. 2019 RIA Benchmarking Study from Charles Schwab, fielded January to March 2019, contains self-reported data from 1,310 firms for the main study and 984 firms for the compensation portion.

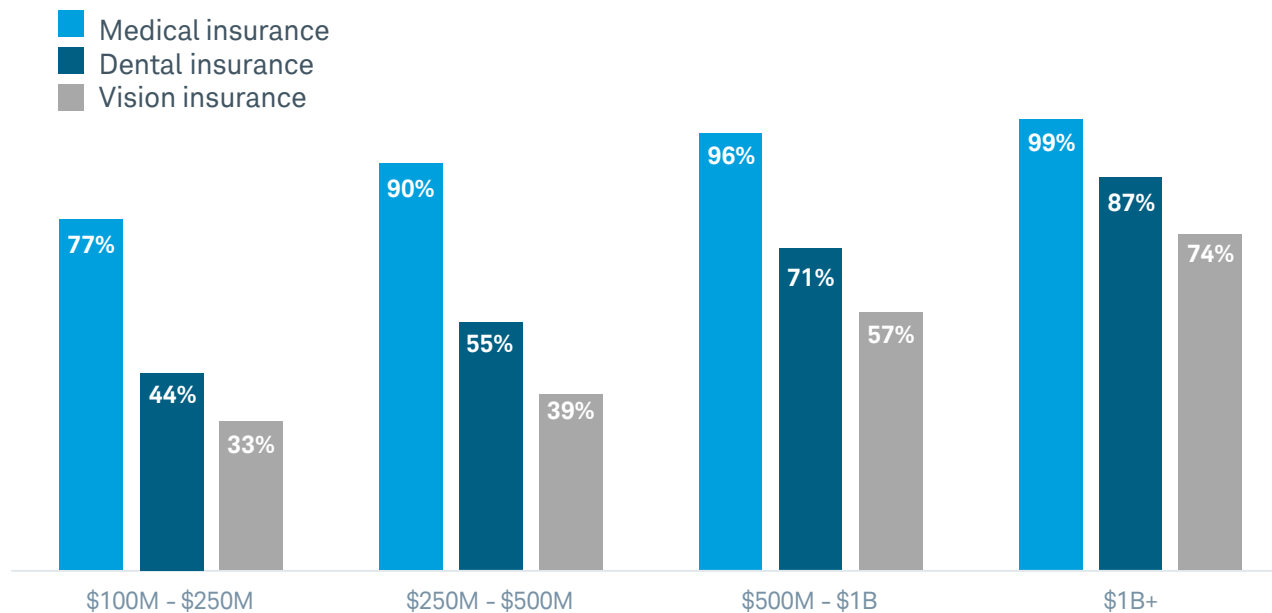
Overall, about 29% of firms reward staff for the revenue they bring from new and existing clients



Results from 2019 RIA Benchmarking Study from Charles Schwab, fielded January to March 2019. Study contains self-reported data from 1,310 firms for the main study and 984 firms for the compensation portion.

Health benefits are a key element of a competitive compensation package

Percentage of firms offering benefits

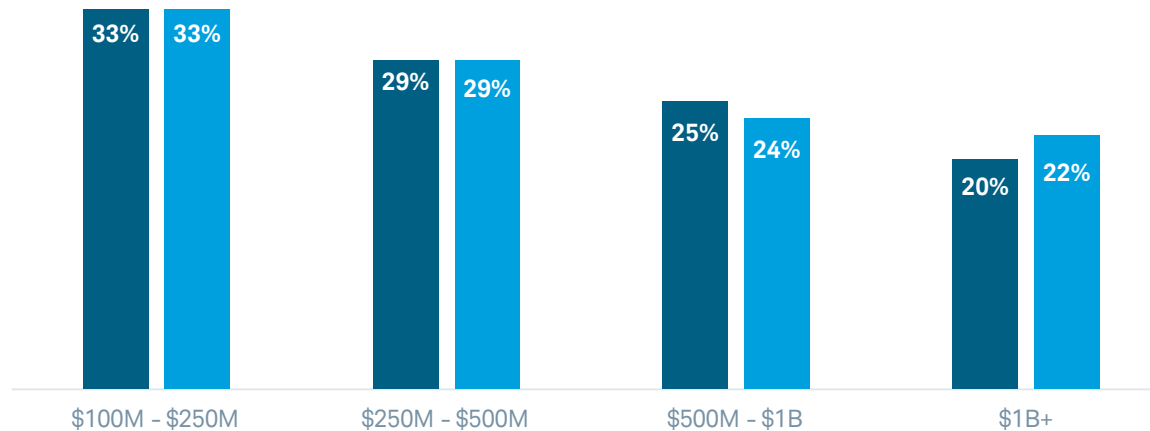


Results from 2019 RIA Benchmarking Study from Charles Schwab, fielded January to March 2019. Study contains self-reported data from 1,310 firms for the main study and 984 firms for the compensation portion.

Over 90% of firms are considering internal succession, although working ownership remains fairly consistent with 2014

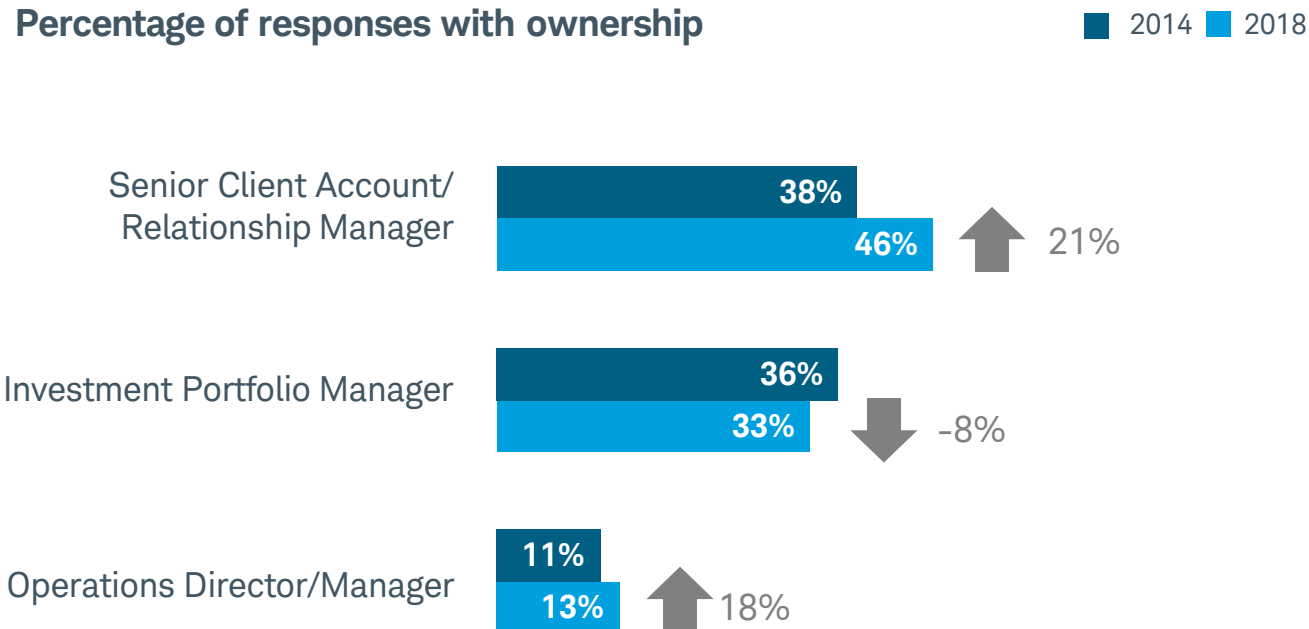
Working owners as a percentage of total staff

■ 2014 ■ 2018



Median results from the 2015 and 2019 RIA Benchmarking Study from Charles Schwab. 2019 RIA Benchmarking Study from Charles Schwab, fielded January to March 2019, contains self-reported data from 1,310 firms for the main study and 984 firms for the compensation portion.

Ownership can be an important part of a compensation strategy, and it's increasing for some roles



Results from the compensation portion of the 2015 and 2019 RIA Benchmarking Study from Charles Schwab. 2019 RIA Benchmarking Study from Charles Schwab, fielded January to March 2019, contains self-reported data from 1,310 firms for the main study and 984 firms for the compensation portion.

National compensation results

National compensation results

All dollar amounts are in thousands.

		Client Account Management, Sales, and Marketing									Client Account Management, Sales, and Marketing								
		Director of Client Service			Senior Client Account Manager/Relationship Manager			Client Account Manager/Relationship Manager			Client Services Associate			Business Development Professional			Marketing Professional		
		196 responses			1,590 responses			1,220 responses			1,325 responses			250 responses			186 responses		
		PERCENTILES			PERCENTILES			PERCENTILES			PERCENTILES			PERCENTILES			PERCENTILES		
		20th	50th	80th	20th	50th	80th	20th	50th	80th	20th	50th	80th	20th	50th	80th	20th	50th	80th
Summary	Base salary	\$59	\$91	\$167	\$78	\$146	\$230	\$59	\$83	\$123	\$45	\$57	\$72	\$41	\$95	\$175	\$46	\$65	\$96
	Total cash compensation	\$65	\$110	\$225	\$125	\$203	\$325	\$72	\$103	\$159	\$49	\$62	\$80	\$68	\$140	\$275	\$50	\$72	\$110
	Total cash compensation (including owner profit distributions)	\$69	\$113	\$253	\$134	\$231	\$448	\$72	\$104	\$162	\$49	\$62	\$80	\$68	\$140	\$292	\$50	\$72	\$110
Performance-based incentive pay	Responses with performance-based incentive pay	67%			60%			73%			76%			54%			75%		
	Discretionary	\$5	\$12	\$34	\$10	\$28	\$65	\$4	\$11	\$27	\$2	\$5	\$10	\$5	\$15	\$50	\$2	\$6	\$15
	Other ¹	\$3	\$11	\$37	\$10	\$30	\$77	\$5	\$12	\$30	\$2	\$5	\$10	\$10	\$37	\$182	\$2	\$5	\$12
Compensation tied to revenue	Responses with compensation tied to revenue	8%			27%			19%			1%			21%			2%		
	Percentage of new client revenue paid	19%	20%	46%	18%	30%	50%	10%	25%	50%	15%	20%	34%	20%	30%	56%	Insufficient data		
	Percentage of existing client revenue paid	Insufficient data			10%	30%	50%	10%	25%	50%	1%	9%	35%	11%	40%	90%	Insufficient data		
Ownership details	Total responses with ownership	34%			46%			12%			2%			23%			6%		
	Less than 5% ownership	52%			37%			73%			90%			70%			75%		
	5% to 24% ownership	33%			37%			23%			5%			14%			17%		
	25% to 49% ownership	6%			12%			3%			5%			9%			8%		
	50% or more ownership	9%			14%			2%			0%			7%			0%		
Years of experience	Less than 10 years	32%			16%			58%			62%			28%			58%		
	10 to 19 years	37%			41%			30%			25%			31%			28%		
	20 or more years	31%			43%			12%			13%			41%			14%		
Certifications	Chartered Financial Analyst (CFA)	2%			11%			6%			1%			2%			0%		
	Certified Financial Planner (CFP)	17%			60%			51%			5%			21%			1%		
	Certified Public Accountant (CPA)	6%			15%			7%			2%			5%			1%		

1. Other performance-based incentive pay includes compensation resulting from firm goals, department or team goals, and business development results.

National compensation results (continued)

All dollar amounts are in thousands.

		Investments			Investments														
		Investment/ Portfolio Manager			Financial Planner			Research Analyst			Paraplanner			Portfolio Administrator			Trader		
		746 responses			556 responses			403 responses			334 responses			440 responses			236 responses		
		PERCENTILES			PERCENTILES			PERCENTILES			PERCENTILES			PERCENTILES			PERCENTILES		
		20th	50th	80th	20th	50th	80th	20th	50th	80th	20th	50th	80th	20th	50th	80th	20th	50th	80th
Summary	Base salary	\$75	\$130	\$208	\$55	\$75	\$120	\$60	\$80	\$132	\$49	\$59	\$75	\$50	\$62	\$80	\$51	\$67	\$92
	Total cash compensation	\$96	\$161	\$277	\$63	\$89	\$144	\$64	\$94	\$150	\$51	\$65	\$83	\$54	\$68	\$92	\$55	\$75	\$105
	Total cash compensation (including owner profit distributions)	\$101	\$173	\$343	\$63	\$90	\$150	\$64	\$95	\$151	\$51	\$65	\$83	\$54	\$68	\$92	\$55	\$75	\$105
Performance-based incentive pay	Responses with performance-based incentive pay	61%			68%			77%			83%			85%			81%		
	Discretionary	\$9	\$22	\$81	\$4	\$8	\$17	\$5	\$11	\$28	\$2	\$5	\$10	\$3	\$5	\$13	\$3	\$7	\$16
	Other ¹	\$9	\$21	\$59	\$4	\$9	\$24	\$5	\$10	\$20	\$2	\$4	\$7	\$3	\$6	\$9	\$3	\$6	\$10
Compensation tied to revenue	Responses with compensation tied to revenue	12%			8%			3%			2%			0%			1%		
	Percentage of new client revenue paid	15%	25%	50%	25%	50%	65%	10%	23%	32%	Insufficient data			Insufficient data			Insufficient data		
	Percentage of existing client revenue paid	20%	50%	90%	12%	40%	65%	2%	10%	36%	Insufficient data			Insufficient data			Insufficient data		
Ownership details	Total responses with ownership	33%			14%			5%			2%			3%			5%		
	Less than 5% ownership	39%			35%			65%			100%			75%			83%		
	5% to 24% ownership	32%			30%			35%			0%			8%			8%		
	25% to 49% ownership	12%			10%			0%			0%			0%			0%		
	50% or more ownership	17%			24%			0%			0%			17%			8%		
Years of experience	Less than 10 years	25%			60%			69%			84%			57%			56%		
	10 to 19 years	37%			24%			21%			10%			25%			30%		
	20 or more years	38%			16%			10%			5%			19%			14%		
Certifications	Chartered Financial Analyst (CFA)	43%			3%			38%			2%			2%			6%		
	Certified Financial Planner (CFP)	23%			59%			3%			26%			4%			2%		
	Certified Public Accountant (CPA)	6%			12%			5%			4%			2%			1%		

1. Other performance-based incentive pay includes compensation resulting from firm goals, department or team goals, and business development results.

National compensation results (continued)

All dollar amounts are in thousands.

		Operations and Administration									Operations and Administration																	
		Operations Director/Manager			Operations Associate			Compliance Associate			Office Manager/Administrator			Internal Accountant/Bookkeeper			Human Resources Professional			Technology Professional			Executive Assistant			Receptionist		
		430 responses			561 responses			111 responses			353 responses			188 responses			64 responses			159 responses			314 responses			300 responses		
		PERCENTILES			PERCENTILES			PERCENTILES			PERCENTILES			PERCENTILES			PERCENTILES			PERCENTILES			PERCENTILES			PERCENTILES		
		20th	50th	80th	20th	50th	80th	20th	50th	80th	20th	50th	80th	20th	50th	80th	20th	50th	80th	20th	50th	80th	20th	50th	80th	20th	50th	80th
Summary	Base salary	\$65	\$88	\$125	\$42	\$55	\$72	\$53	\$65	\$88	\$42	\$58	\$81	\$54	\$73	\$99	\$62	\$98	\$139	\$55	\$80	\$125	\$42	\$53	\$68	\$35	\$43	\$53
	Total cash compensation	\$70	\$100	\$146	\$44	\$60	\$80	\$56	\$70	\$97	\$44	\$65	\$91	\$57	\$79	\$110	\$67	\$110	\$156	\$62	\$90	\$138	\$44	\$56	\$76	\$37	\$46	\$58
	Total cash compensation (including owner profit distributions)	\$72	\$101	\$153	\$44	\$60	\$80	\$56	\$70	\$97	\$44	\$65	\$92	\$57	\$79	\$110	\$67	\$110	\$158	\$62	\$90	\$141	\$44	\$56	\$76	\$37	\$46	\$58
Performance-based incentive pay	Responses with performance-based incentive pay	73%			73%			70%			68%			72%			80%			82%			71%			73%		
	Discretionary	\$5	\$12	\$30	\$2	\$5	\$10	\$2	\$6	\$11	\$3	\$5	\$12	\$3	\$6	\$12	\$4	\$10	\$19	\$4	\$8	\$18	\$2	\$4	\$9	\$1	\$3	\$6
	Other ¹	\$6	\$12	\$23	\$2	\$4	\$7	\$3	\$6	\$11	\$3	\$5	\$11	\$2	\$5	\$14	\$6	\$11	\$21	\$2	\$7	\$17	\$2	\$4	\$7	\$2	\$3	\$5
Compensation tied to revenue	Responses with compensation tied to revenue	1%			1%			0%			1%			0%			0%			0%			0%			0%		
	Percentage of new client revenue paid	Insufficient data			Insufficient data			N/A			Insufficient data			N/A			N/A			N/A			N/A			N/A		
	Percentage of existing client revenue paid	Insufficient data			Insufficient data			N/A			Insufficient data			N/A			N/A			N/A			N/A			N/A		
Ownership details	Total responses with ownership	13%			1%			2%			3%			3%			9%			8%			3%			1%		
	Less than 5% ownership	70%			100%			100%			64%			83%			83%			100%			100%			100%		
	5% to 24% ownership	27%			0%			0%			9%			17%			0%			0%			0%			0%		
	25% to 49% ownership	4%			0%			0%			18%			0%			0%			0%			0%			0%		
	50% or more ownership	0%			0%			0%			9%			0%			17%			0%			0%			0%		
Years of experience	Less than 10 years	30%			63%			46%			41%			29%			30%			42%			44%			54%		
	10 to 19 years	40%			25%			42%			32%			29%			30%			34%			31%			29%		
	20 or more years	30%			12%			12%			26%			42%			41%			24%			26%			17%		
Certifications	Chartered Financial Analyst (CFA)	2%			1%			2%			0%			0%			2%			1%			0%			0%		
	Certified Financial Planner (CFP)	5%			1%			4%			1%			2%			0%			1%			0%			0%		
	Certified Public Accountant (CPA)	2%			2%			5%			1%			21%			5%			1%			1%			0%		

1. Other performance-based incentive pay includes compensation resulting from firm goals, department or team goals, and business development results.



Methodology

Methodology

- Compensation data represents all firms that participated in the compensation portion of the 2019 RIA Benchmarking Study from Charles Schwab, fielded January to March 2019.
- The 2019 RIA Benchmarking Study contains self-reported data from 1,310 firms, 984 of which participated in the compensation portion of the study (11,871 total employee responses). The self-reported information provided by individual advisory firms was not independently verified.
- Hiring data represents firms with \$250 million or more in assets under management (AUM).
- Base salary represents a 40-hour work week. Where study responses specify work of less than 40 hours, base salary has been grossed up to reflect the equivalent salary of a 40-hour work week.
- Any responses with total cash compensation below \$20,000 are not included in the calculations.
- Throughout the report, median values are reported to provide the best indicator of a “typical” firm.
- Learn more about Schwab’s RIA Benchmarking Study [here](#).

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Definitions

Definitions

Client Account Management, Sales, and Marketing

Director of Client Service:

- Manages the client service activities for the entire firm or a specific business area.
- Coordinates client service activities with those of sales and marketing staff.
- Supervises client service staff.
- Tracks and reports results of key service measures against firm objectives.
- Leads resolution of problems related to client service.
- May manage relationships with key clients and prospects.

Senior Client Account Manager/Relationship Manager:

- Fills the most experienced advisory position within the firm.
- Serves as primary manager of existing client relationships, particularly more complex relationships.
- Formulates and implements advice, but may rely on technical specialists to develop recommendations within their area of expertise.
- Often works with, trains, and supervises other staff in client service delivery.

Client Account Manager/Relationship Manager:

- Manages existing client relationships, working either with a principal or more experienced advisor or on their own.
- Provides client service management (often to small and midsize accounts).
- Assists senior professionals in conducting client meetings.
- Resolves basic and routine client account issues.

Client Services Associate:

- Provides non-advice-related support to clients, including:
 - Preparing standard client reports
 - Maintaining contact with clients to provide or obtain updated information
 - Scheduling client meetings
 - Responding to administrative client queries

Business Development Professional:

- Develops new business, with relatively little responsibility (less than 10% of time) for managing relationships, providing advice, or serving clients.

Marketing Professional:

- Implements marketing plans and programs, assists in developing new marketing and advertising campaigns, and develops strategic communications deliverables.

Definitions

Investments

Investment/Portfolio Manager:

- Actively manages a client portfolio using individual securities or a combination of securities and third-party managers.
- May participate in or lead development of an investment strategy.

(Note that this position describes an active-style internal manager.)

Financial Planner:

- Provides financial planning to the clients of the lead and service advisors.
- Serves as in-house expert on financial planning issues.
- Does not act as primary relationship manager.

Research Analyst:

- Performs research and analysis and/or manages investment options.
- Provides information and makes recommendations to professional staff on managers, advisory service products, investment selection, suitability guidelines, and reporting.

Paraplanner:

- Provides technical support to the Client Account Manager/Relationship Manager roles in the delivery of advice to clients.
- Responsibilities include data gathering, modeling, case design, plan development, presentation development, etc.
- May participate in client meetings, but not in an advice capacity.
- Has no decision-making authority on client matters.

Portfolio Administrator:

- Sets up and maintains client accounts.
- Compiles and completes client, custodian, and firm paperwork.
- Reviews and maintains client transactions and activity.
- Executes client and firm tasks, such as asset transfers, preparation of reports, and general support of portfolio and investment strategies.

Trader:

- Buys and sells securities as directed by the portfolio managers, advisors, or CIO.

Definitions

Operations and Administration

Operations Director/Manager:

- Manages daily activities within the operations department (e.g., trading and reporting) and serves as an intermediary between the department and executive management.
- Typically supervises operations staff, and may be responsible for establishing or contributing ideas for department processes, procedures, and protocols.

Operations Associate:

- Performs daily activities within the operations department.
- May provide network administration/IT support to staff.

Compliance Associate:

- Assists in implementing the firm's compliance program, under the direction of the designated Chief Compliance Officer.

Office Manager/Administrator:

- Responsible for general office operations, such as internal accounting, office equipment and supplies, benefits administration, and payroll coordination.
- May also coordinate firm website or other marketing tools.

(Note: This can be a catchall role in firms that do not employ multiple staff members for each of these functions.)

Internal Accountant/Bookkeeper:

- Performs internal accounting, and generates the firm's financial statements.

Human Resources Professional:

- Handles employee relations, payroll and benefits, and training. May direct and coordinate administrative functions of an organization.

Technology Professional:

- Generally provides service related to software, hardware, databases, Web resources, network, and enterprise systems. Duties can include network management, software development, and database administration.

Executive Assistant:

- Handles a variety of administrative functions to aid a dedicated manager of the firm.
- May perform secretarial and clerical duties as needed by the dedicated manager.

Receptionist:

- Greets and directs clients and other visitors.
- Screens and routes telephone calls.
- May perform incidental typing or other routine clerical duties.