

Schwab Advisor Services

Independent Advisor Outlook Study

Part I: Technology

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The Charles Schwab logo is located in the bottom right corner of the slide. It consists of the word "charles" in a white, lowercase, serif font, positioned above the word "SCHWAB" in a white, uppercase, sans-serif font. Both words are centered within a solid blue square background.

charles
SCHWAB

Foreword

For the past 13 years Schwab Advisor Services has sought the perspective of independent advisors in an ongoing effort to better understand the current and evolving state of the industry. Through the *Independent Advisor Outlook Study (IAOS)*, Schwab shines a spotlight on topics which are top-of-mind for advisors.

The latest study comes at a time when **firms are dealing with the impacts of COVID-19: on their businesses, the markets and the industry at large**. Results on the following pages represent the first of a two-part release of this year's Study.

Focusing on the impacts of the pandemic on the advisor tech stack, respondents indicate they have made **unexpected technological investments and accelerated adoption** amid the pandemic. Not only were firms forced to adapt and adopt quickly, but the vast majority made **investments in new technology** this year, and for almost half of firms these investments were **not part of the 2020 plan**.

The data highlights the importance of **agile strategic planning when it comes technology** spending, implementation and adoption. Moreover, the data emphasizes that **seamless, cross-operation digital workflows is a best-practice** for today's RIA firms and a key to making technology deliver full ROI for clients and the business alike.

“At Schwab, we believe opportunities for enhanced technology adoption and integration are ceaseless – a belief that has been solidified by this year's unexpected transition to a remote work environment.

Advisors are dealing with many hurdles as a result of the global pandemic, and they are leaning into technology more than ever to work with their employees, peers, clients, and prospects as seamlessly as possible.

We also see technology providers working to deliver solutions that meet advisors where they are in the adoption and integration processes.

The virtual environment coupled with a rich array of available technology choices puts advisors in a unique position to build the technology stack that works best for their clients and their business.”

*Andrew Salesky
Senior Vice President
Digital Advisor Solutions*

Running a business in a remote work environment: Technology presents some challenges for clients, but opportunities for firms overall



37%

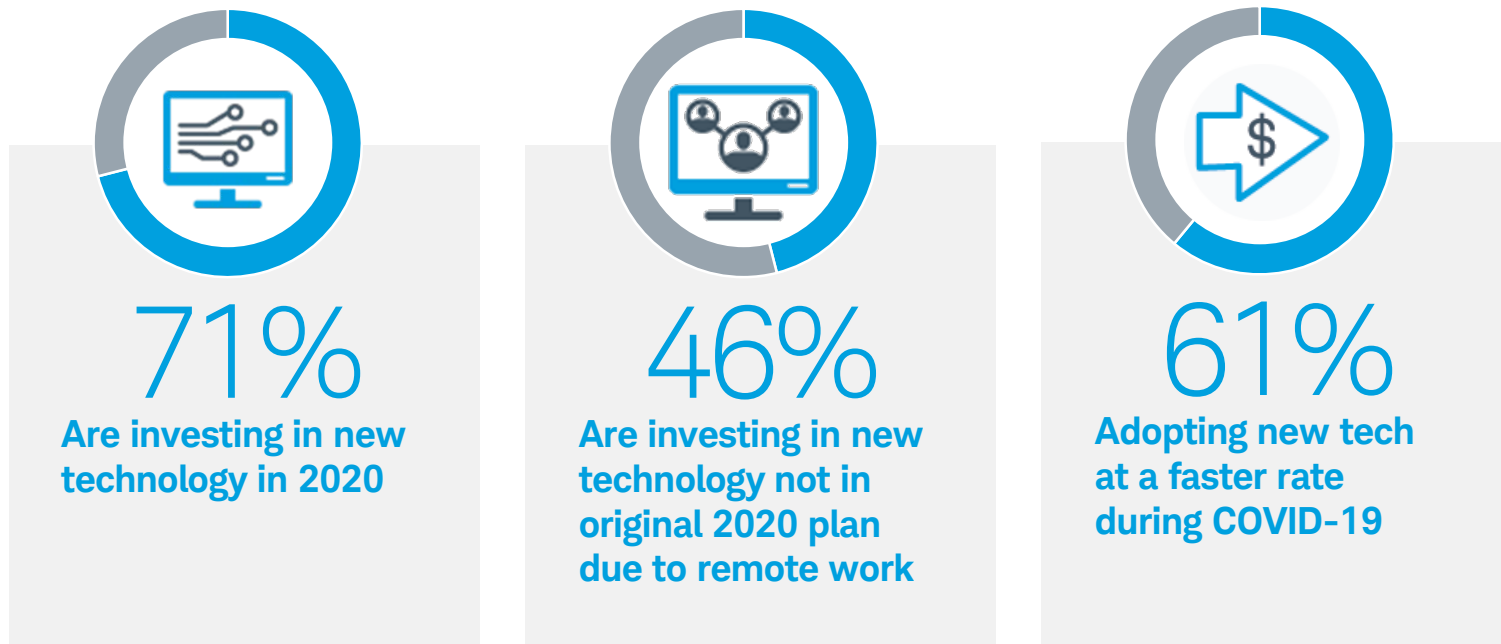
Of advisors see leveraging technology infrastructure to be able to **seamlessly work remotely** as one of the biggest opportunities to their business in 2020



35%

Of advisors view clients' ability to use technology to **connect virtually** as one of the biggest challenges to their business in 2020

COVID-19 propelled technology to the top of the operational agenda for independent advisor firms in 2020



Q23: Are you investing in new technology in 2020?

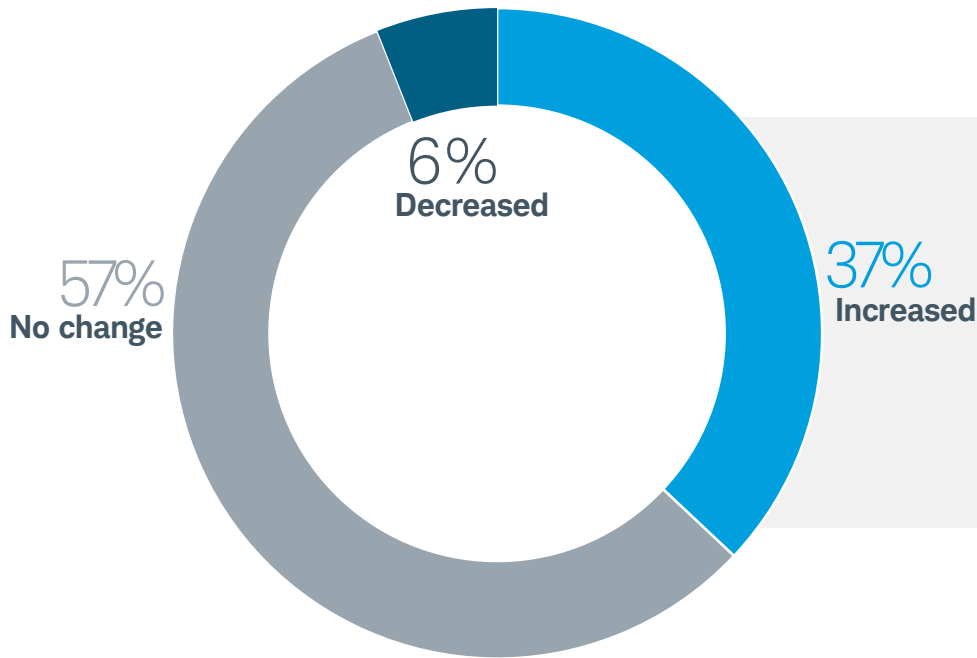
Q24: As a result of COVID-19 and the need to move to remote working, have you invested in technology that was not on your original 2020 plan?

Q16: As a result of COVID-19, are you adopting technology at...?

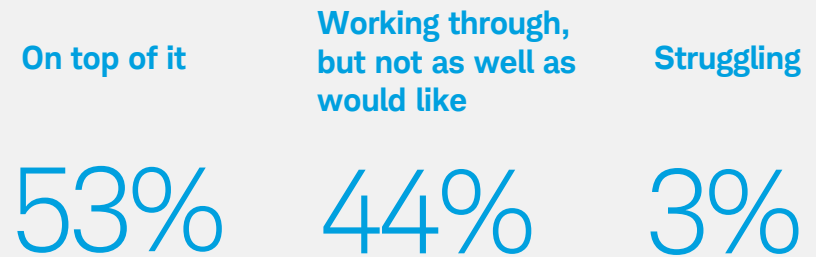
(Base: Total Advisors; Current wave = 1,347)

Operational complexity has increased for many firms: some firms have taken it in stride, others are not handling it as well as they would like

As a result of COVID-19
complexity of operations have...



How increased **operational complexity** is being addressed



Q25: As a result of COVID-19, have your operations...? (Base: Total Advisors; Current wave = 1,347)
Q26: How are you doing addressing the increased operational complexity? (Base: Those with increased complexity = 497)

Appendix

Methodology

- The Independent Advisor Outlook Study (IAOS) is an online study conducted for Charles Schwab by Logica Research.
 - Logica Research is neither affiliated with, nor employed by, Charles Schwab & Co., Inc.
 - The sampling error is +/- 3 percentage points at the 95% confidence level.
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- The study was conducted from August 3 through August 16, 2020.
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- Responses come from 1,347 independent investment advisors who custody assets with Schwab, representing a total of \$513B in assets under management (AUM)
 - Participation is voluntary, participants are not incentivized, and the typical (median) survey length was 16 minutes.

Firmographic Snapshot

Advisor gender



Male	Female
78%	22%

Average advisor age



Mean	Median
53 years	57 years

Average independent advisor firm tenure



Mean
13 years

Primary role at firm



Principal
67%*



Portfolio manager
11%



Ops staff
10%



Other
12%

*75% founding

Number of employees at firm



Mean	Median
21	5

Assets under management at firm



Mean	Median
\$380.6M	\$175.5M

Total AUM

\$512.7B

Number of clients per firm



Mean	Median
577	175

Average client age



Mean	Median
61 years	62 years