

# Schwab Advisor Services

## Independent Advisor Outlook Study

January 2022

Media contact:  
Meredith Richard  
Charles Schwab  
646.343.7419  
[meredith.richard@schwab.com](mailto:meredith.richard@schwab.com)



*Own your tomorrow.*

# Contents

<b>Foreword</b>	<b>3</b>
<b>Key findings</b>	
• Firm growth	<b>5</b>
• Clients	<b>10</b>
• Managing talent & workplace	<b>14</b>
• Growth levers across firms	<b>21</b>
<b>Appendix</b>	
• Methodology	<b>27</b>
• Firmographics	<b>28</b>

# Foreword

The following report outlines key findings from Schwab Advisor Services' 30<sup>th</sup> *Independent Advisor Outlook Study (IAOS)*. For 15 years, this study has sought to gauge sentiment on key topics and issues of the moment for independent advisors. The latest findings reflect advisors' outlook for growth and insights into perceived opportunities and barriers to growth in the current environment.

Key findings include:

- **RIAs of all sizes continue to expect strong business growth over the next five years.** Acquiring new clients is the leading expected driver of growth, and it is considered best supported by a combination of a strategy to meet clients' needs and having (and keeping) the right people in place to deliver against this strategy. In prioritizing firm investments in continued growth, marketing and client acquisition, talent, and client experience are considered the best drivers.
- **Investment personalization will continue to increase in importance.** Over half of RIAs in the study expect more personalization of investment portfolios, and the majority consider the ability to provide these personalized investment solutions is going to be scalable. They will be looking to new ways of building relationships with next generation clients, and better tools and approaches to assess clients' needs and values as part of delivering more personalization.
- **A forward-looking perspective on talent.** Advisors are confident that their firms' talent strategy reflects the needs of their future client base, and they are hiring today to ensure they have the skills to meet the challenges of tomorrow.
- **Growth levers differ across firms.** While most firms are expecting to grow, a closer look reveals firms lean into different levers to drive this growth. Some are more likely to prioritize talent as a key driver of this growth, others lead with sales and marketing efforts, and some focus first on the client service experience.

“In the past 15 years of conducting this study, we have consistently seen independent advisors look to the future through the lens of growth opportunities ahead. Despite the challenges of this current moment, they continue to embrace a growth mindset. They are operating their firms not just for the success they are experiencing today, but with an eye towards how the industry and clients will change in the future. This is what will enable the independent advice model to continue to gain ground as a destination for both advisors and their high-net-worth investor clients.”

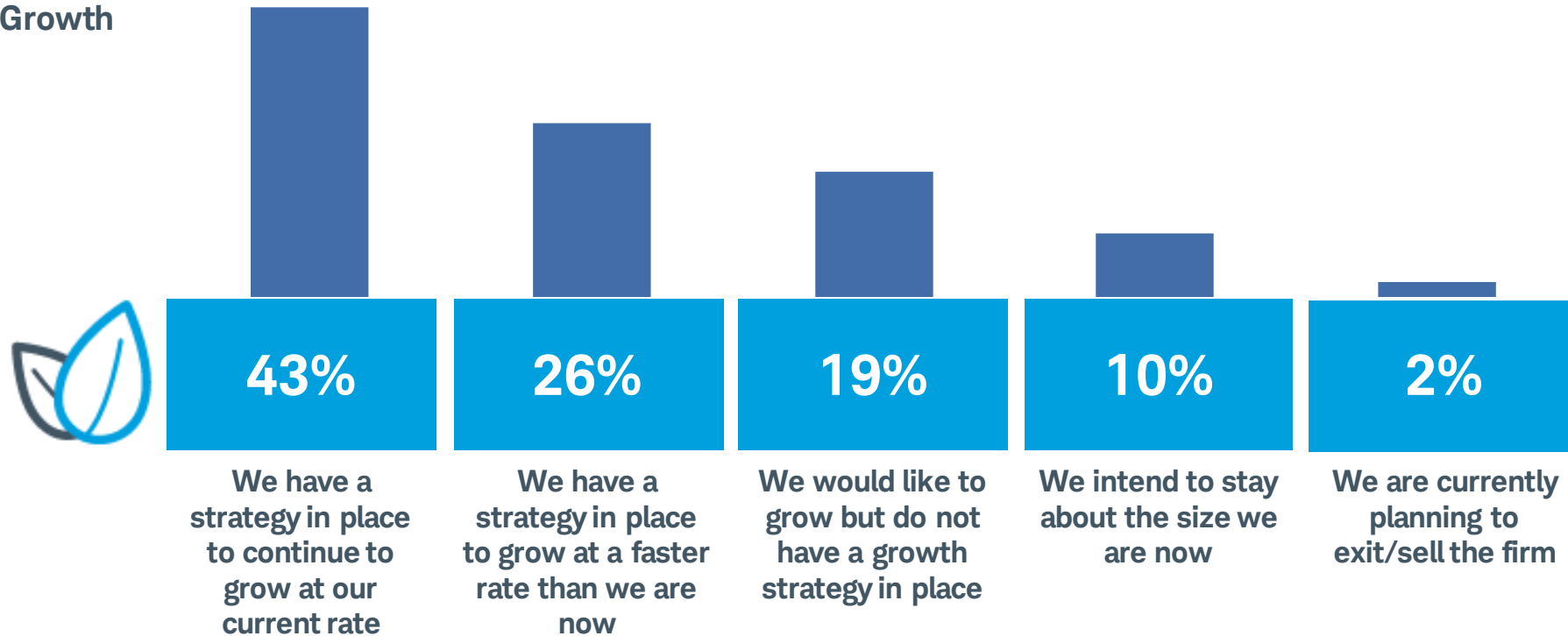
– Jon Beatty  
Managing Director  
Chief Operating Officer, Schwab Advisor Services

# Firm outlook and growth

# Firm outlook:

Majority of advisors have a strategy in place to grow at current rate or faster

## Firm Approach to Growth



Q.2: Which of the following best describes your approach to your firm's growth?  
(Base: Total Advisors; Current wave = 723)

# Firm outlook:

Nearly all firms expect growth in net new assets



93%

Firms that expect growth  
over the next 5 years



17%

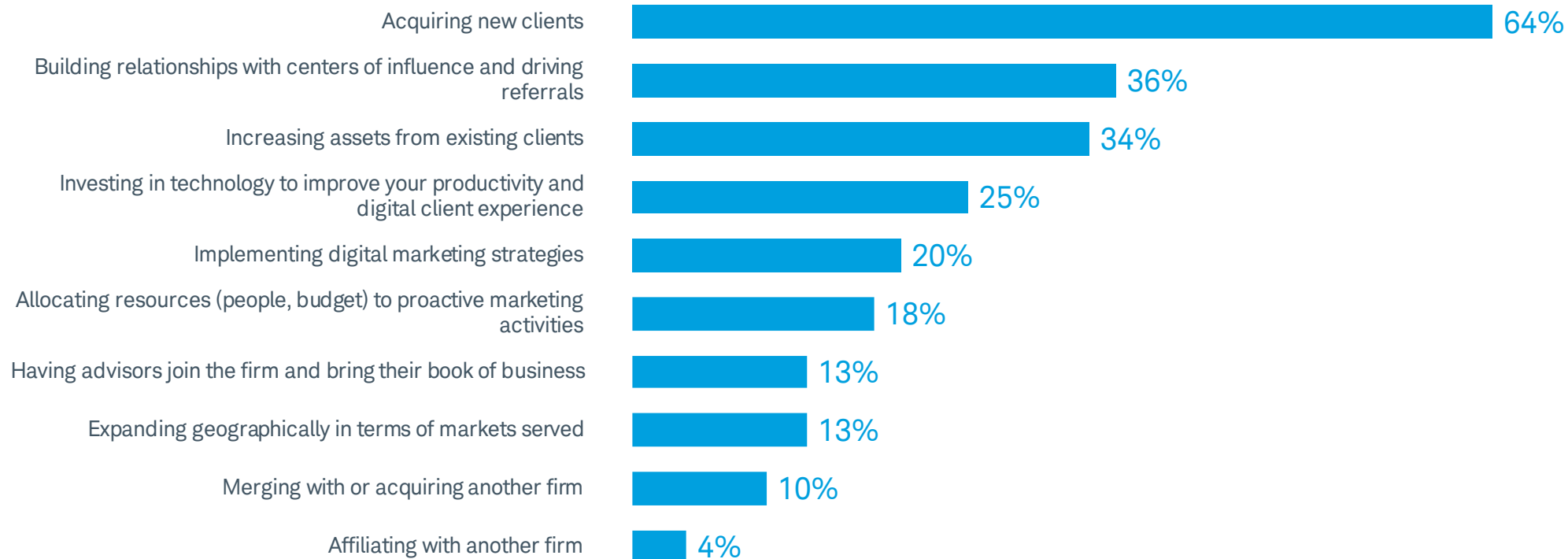
Average expected  
growth rate in net new  
assets per year over  
the next 5 years

Q.3: Looking at the next five years, how much do you expect your firm to grow on average each year in terms of net new assets?  
(Base: Total Advisors; Current wave = 723)

# Firm growth:

Acquiring new clients and growing existing clients are primary drivers of growth

## Top Drivers of Growth (Top 3)



Q.4 The following are things that advisors may do to grow their business. Using the sliders below, please tell us how much each will drive growth at your firm. < Summary of means >  
(Base: Advisors who expect to grow; Current wave = 675)

# Firm growth:

Balancing priorities, finding and retaining talent, and creating operational efficiencies among top three barriers to growth

## Top Barriers to Growth (Top 3)



Q.8 The following are things that advisors may experience that impede growth. Using the sliders below, please tell us how much of a barrier for growth each is for you at your current firm. < Summary of means >  
(Base: Advisors who expect to grow; Current wave = 675)



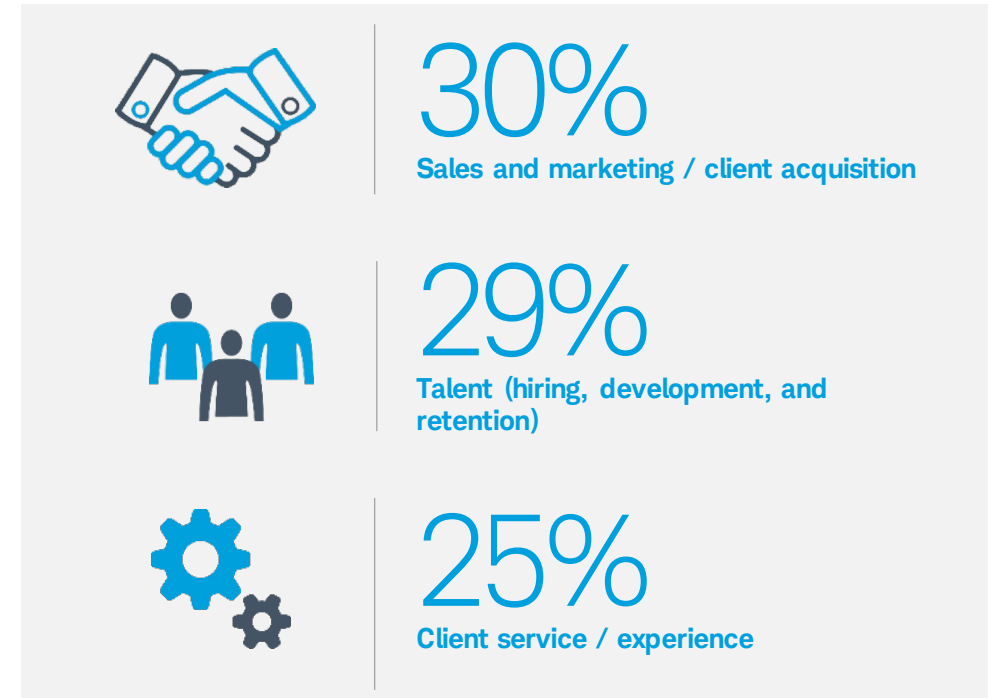
# Firm growth:

Client needs and talent bench strength lead growth potential;  
Marketing, client acquisition, and talent management will garner biggest investment

## Important Factors to Support Growth (Strongly/Somewhat Important)



## Areas Would Invest in to Have Biggest Impact on Growth



Q.5 How important are each of the following to support your growth strategy? < Summary of Very/somewhat important >

Q.6 If you had to choose the one area that would have the biggest impact on the growth of your firm over the next five years, which one would you invest in?

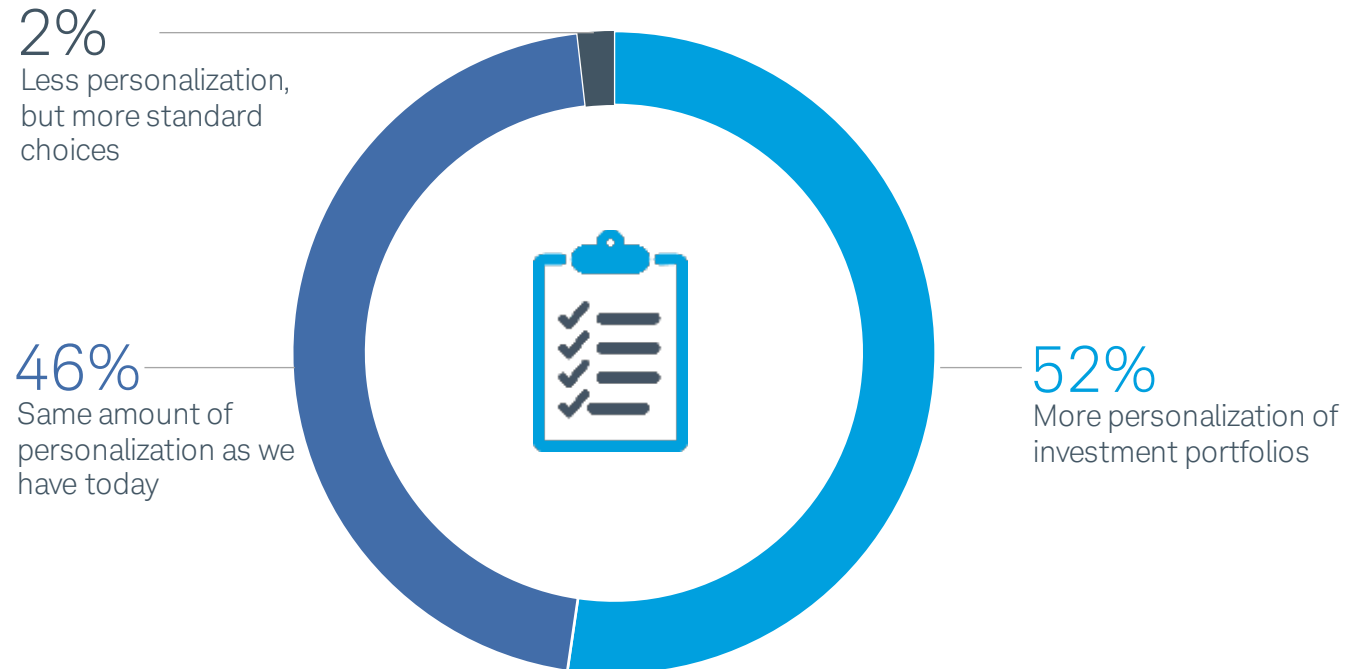
(Base: Advisors who expect to grow; Current wave = 675)

# Client outlook and growth

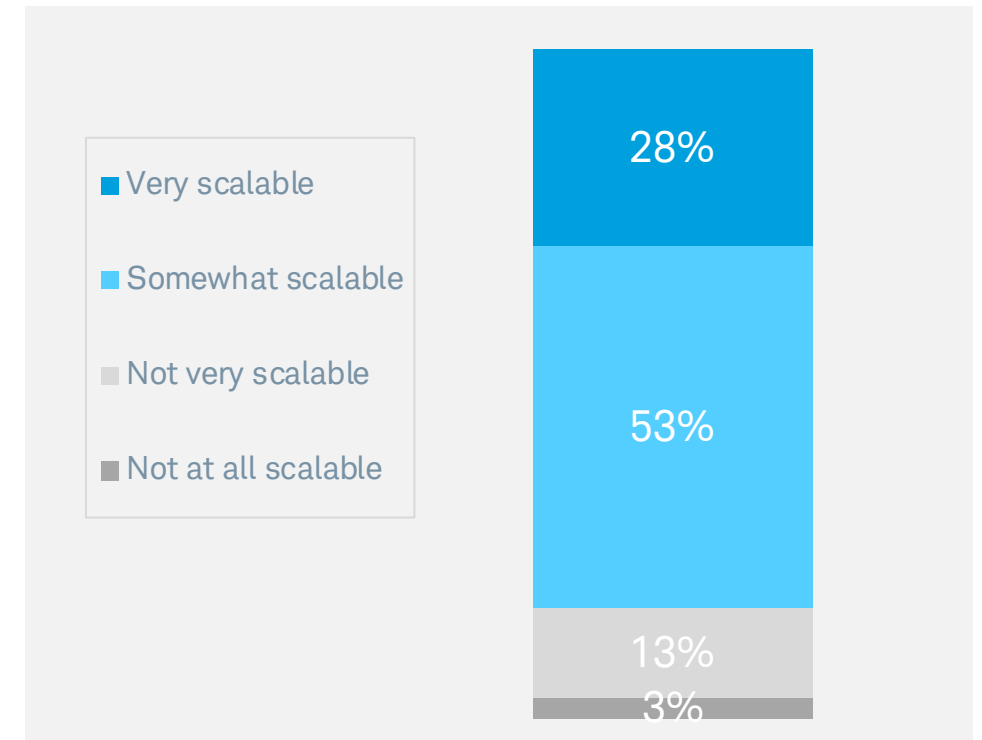
# Client outlook:

Personalized investment solutions will increase in importance;  
Most firms believe personalization is scalable

## View on Personalization of Investment Portfolios in Next 5 Years



## Scalability of Providing Personalization

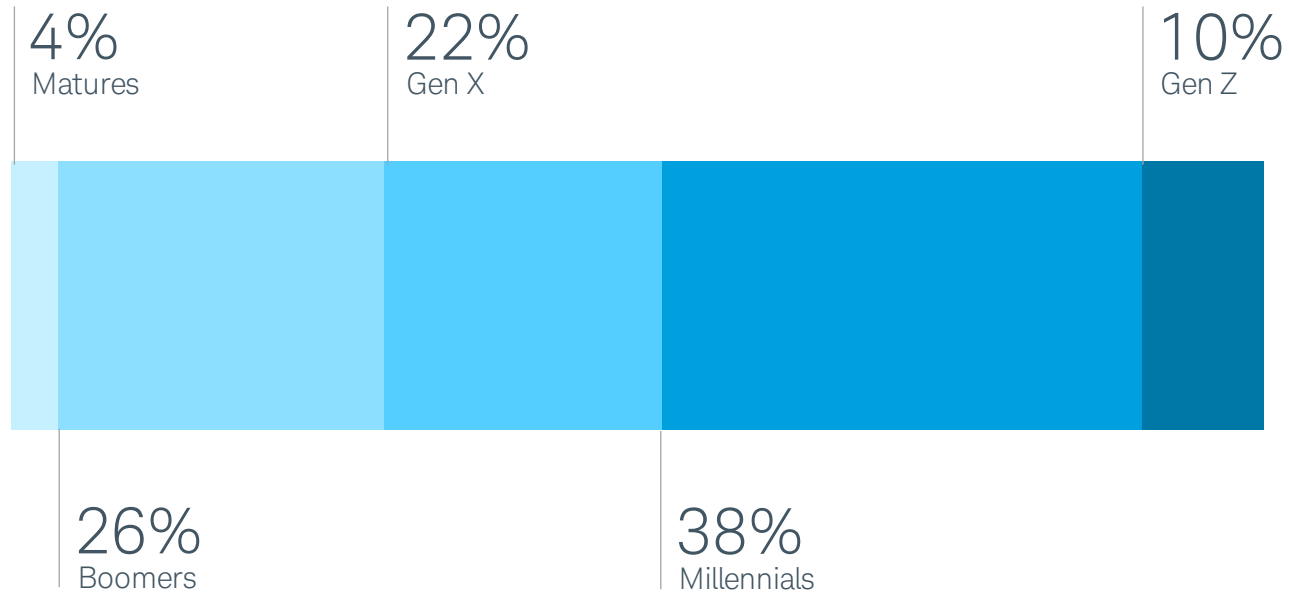


Q.10 In the next five years, what do you think investors will want from their portfolios?  
Q.13 How scalable do you think it is to provide personalized investing solutions across your firm?  
(Base: Total Advisors; Current wave = 723)

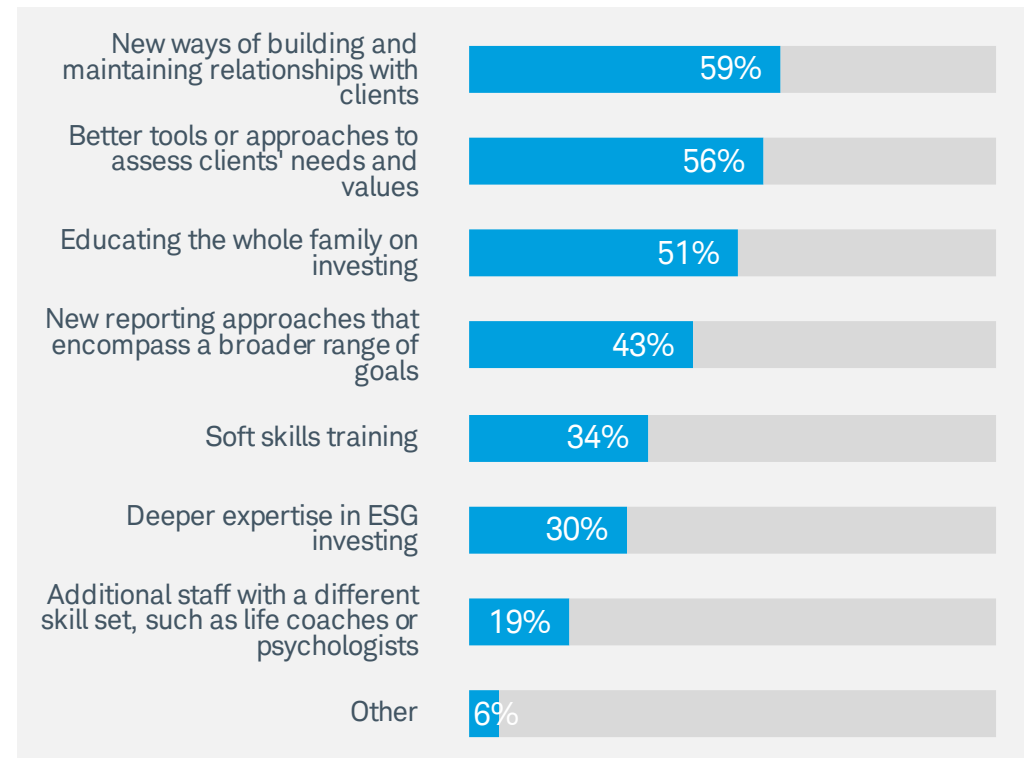
# Client outlook:

Millennials expected to lead personalization wave;  
Advisors will build stronger relationships, use new tools to meet needs

## Generations' Needs for Personalization



## Ways for Advisors to Provide More Personalization

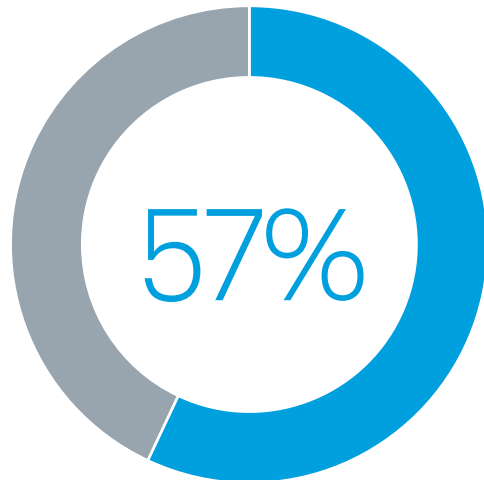


Q.11 Which generation wants more personalization of their investment portfolio?  
Q.12 In which ways will advisors need to adapt in order to deliver more personalized investing solutions to their clients?  
(Base: Total Advisors; Current wave = 723)

# Client growth:

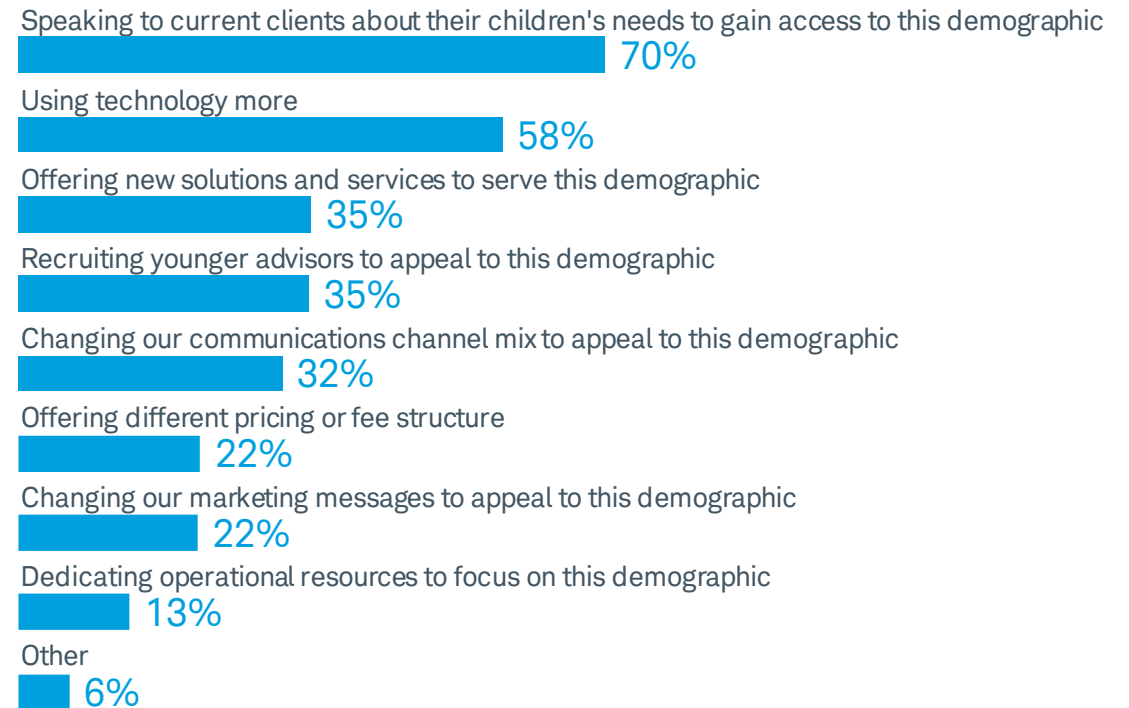
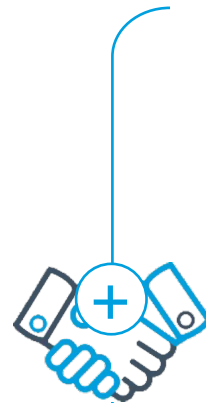
Over half of advisors are seeking first-time investors as clients;  
Speaking with current clients, using technology will help attract them to the firm

## Firms Looking to Attract New Investors as Clients



**Firm is looking to attract new investors as clients**  
(43% on a case-by-case basis)

## Actions Taken by Firm to Attract New Investors



Q.14 In the past 18 months we have seen a growing number of first-time investors. Is your firm looking at attracting these investors as clients? (Base: Total Advisors; Current wave = 723)

Q.15: Which of the following is your firm doing to attract first-time investors as new clients? (Base: Advisors who are looking to attract new investors; Current wave = 409)

# Managing talent & workplace outlook

# Managing talent:

## Finding talent ranks as the top challenge of talent management

### Top Challenges of Talent Management

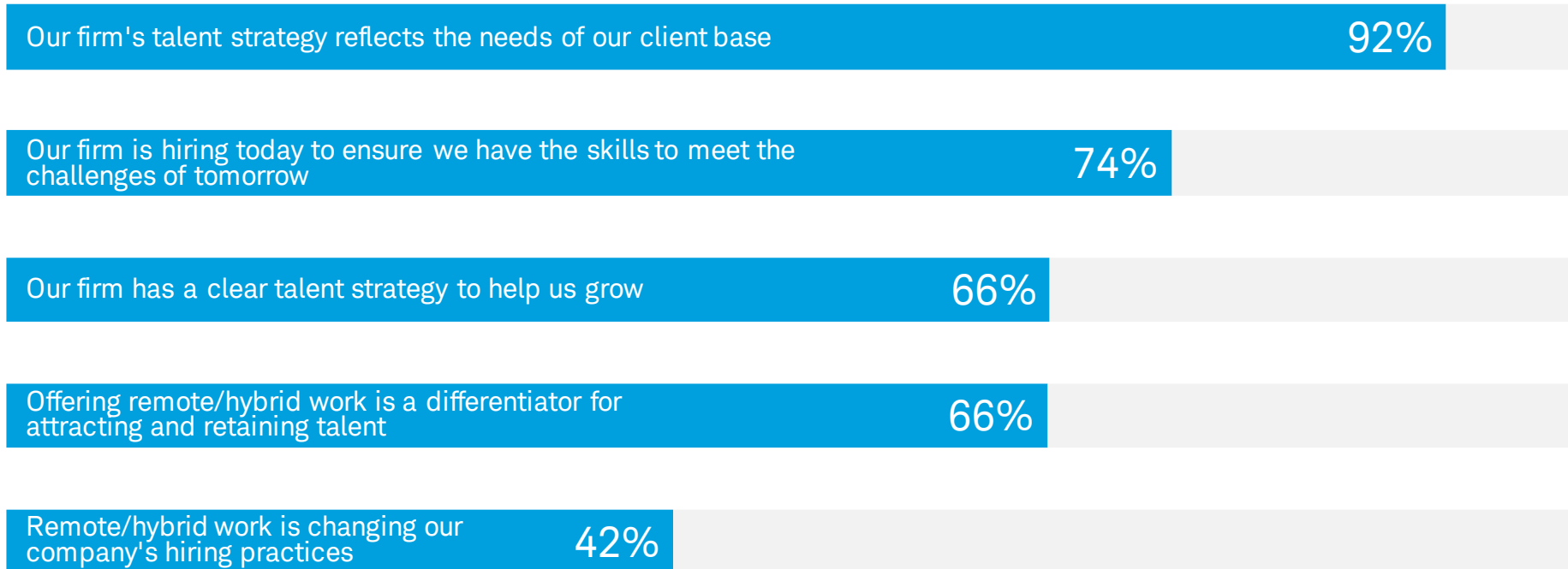


Q.17: What is the most challenging part of talent management?  
(Base: Advisors at firms with 2+ employees; Current wave = 557)

# Managing talent:

Advisors are confident they can meet their clients' current and future needs

## Attitudes Towards Managing Talent (Strongly/Somewhat Agree)



Q.16: How much do you agree or disagree with each of the following statements: < Summary of strongly/ somewhat agree >  
(Base: Advisors at firms with 2+ employees; Current wave = 557)



# Managing talent:

Work ethic, attention to detail and team player among most sought-after attributes;  
Gaps will be addressed through training, industry recruitment

## Top 5 Sought After Skills



## Plans to Fill Skill Gaps



54%

Training existing staff



38%

Recruiting talent from within the RIA industry



30%

Recruiting talent from other areas in financial services



27%

Increasing entry level staff



24%

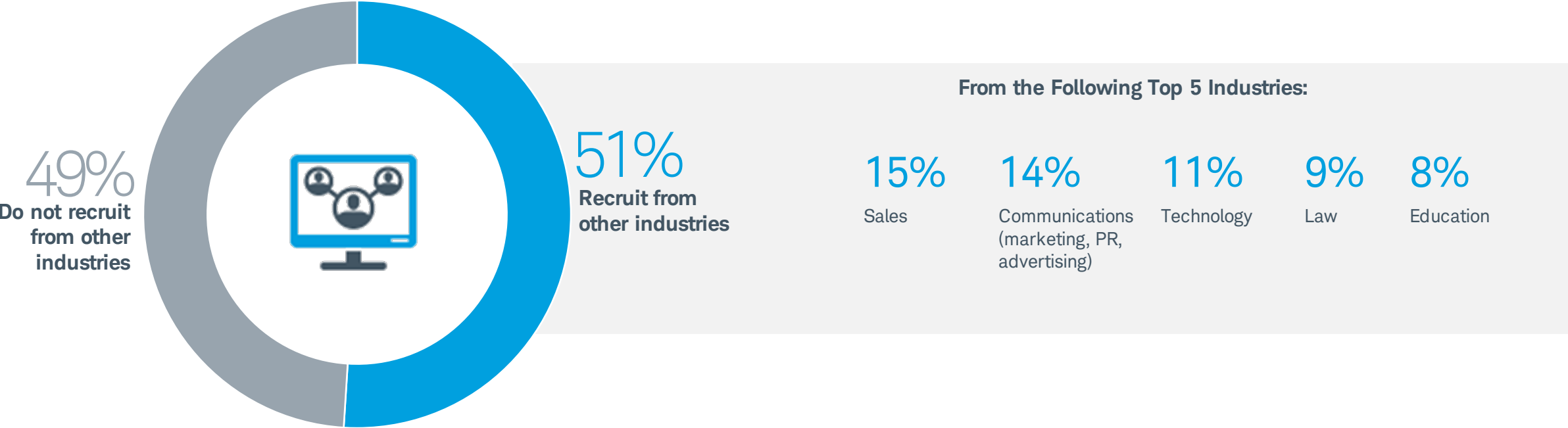
Creating better career pathways to attract talent

Q.19 Which of the following characteristics or skills is your company most looking for?  
Q.20: How do you plan on filling these skill gaps?  
(Base: Advisors at firms with 2+ employees; Current wave = 557)

# Managing talent:

## Half of firms recruit outside of finance industry

### Recruitment from Other Industries

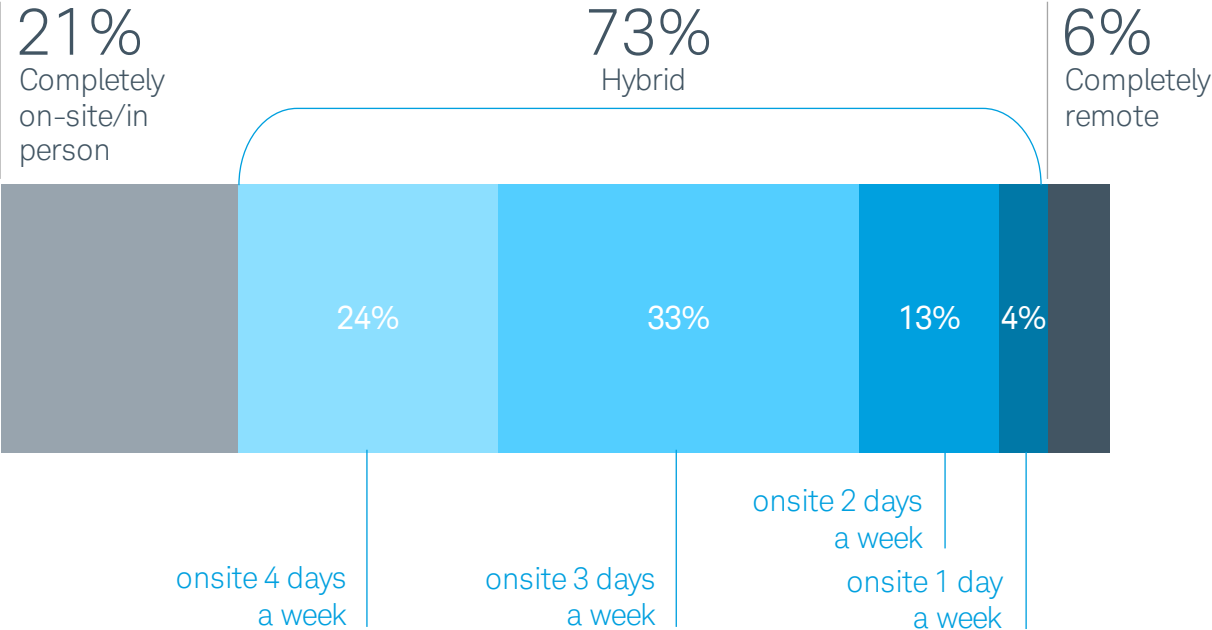


Q.21 In the past 5 years, has your firm recruited from any of the following professional backgrounds, other than finance?  
(Base: Advisors at firms with 2+ employees; Current wave = 557)

# Workplace outlook:

Majority of advisors feel that a hybrid workplace will be the new normal;  
Biggest concern related to remote teams is maintaining company culture

## Working Arrangement



## Biggest Challenge of Remote Teams



Q.22 In the next five years, do you anticipate that you and your team will be...?  
Q.23 Which of the following are the biggest challenges of managing teams remotely?  
(Base: Advisors at firms with 2+ employees; Current wave = 557)

# Workplace outlook:

## Offering remote work is keeping firms ahead of the competition

### Firm's Approach to Remote Work



Q.25 Select which choice best describes your firm's approach to remote work.  
(Base: Advisors at firms with 2+ employees; Current wave = 557)

# Growth levers across firms

# Growth levers:

When it comes to growth, advisors emphasize different levers across firms

## Lever I: Primarily focused on talent to achieve growth.

Typically, larger firms that have a documented strategy to grow, and comparatively higher growth targets.

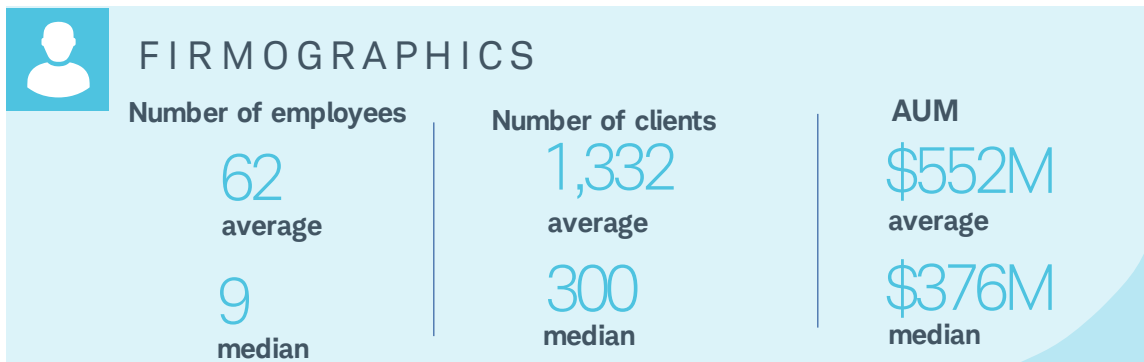
## Lever II: Primarily focused on sales and marketing to achieve growth.

Mostly, mid-size firms that have a documented strategy to grow, although not always, and have high growth targets.

## Lever III: Primarily focused on client service to achieve growth.

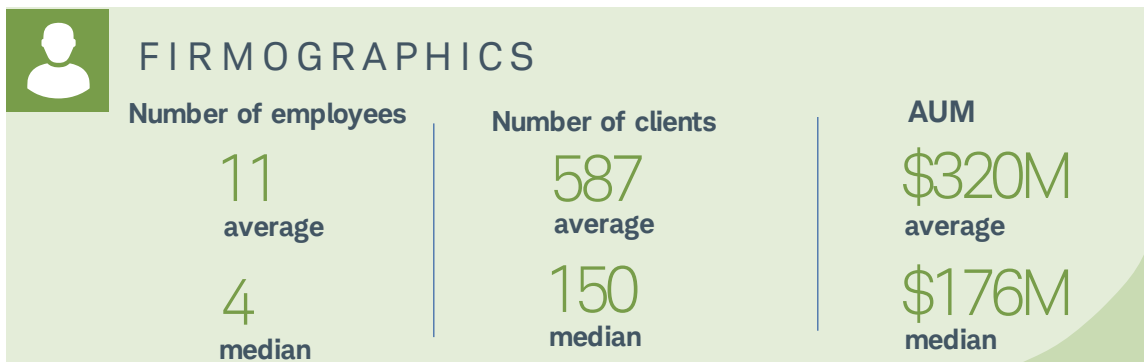
Likely to be smaller firms looking to maintain size or, if they want to grow, don't have a formal strategy.

# Growth levers: Talent focus



(Base: Advisors identified as Persona 3; Current wave = 280)

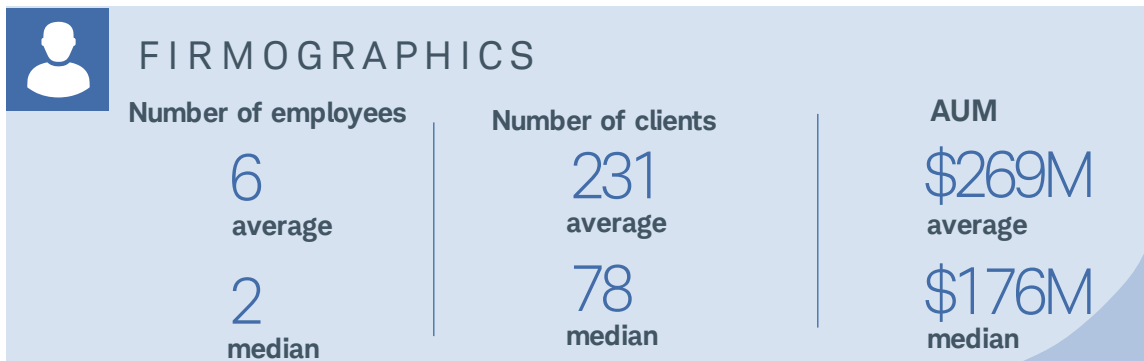
# Growth levers: Sales & marketing focus



(Base: Advisors identified as Persona 2; Current wave = 346)



# Growth levers: Client service focus



(Base: Advisors identified as Persona3; Current wave = 97)

# 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 study was conducted from October 12 through October 28, 2021.

- 
- 723 independent investment advisors who custody assets with Schwab Advisor Services and TD Ameritrade Institutional participated, representing a total of \$291B in assets under management (AUM).
  - Participation is voluntary, participants are not incentivized, and the typical (median) survey length was 11 minutes.

# Firmographic snapshot

Based on advisors who responded to the study

## Advisor gender



<b>Male</b>	<b>Female</b>
74%	21%

## Average advisor age



<b>Mean</b>	<b>Median</b>
55 years	55 years

## Average independent advisor firm tenure



<b>Mean</b>
11 years

## Number of employees at firm



<b>Mean</b>	<b>Median</b>
30	5

## Assets under management at firm



<b>Mean</b>	<b>Median</b>
\$403M	\$175.5M

**Total AUM**  
\$291.4B

## Number of clients per firm



<b>Mean</b>	<b>Median</b>
827	175

## Primary role at firm



**Principal**  
73%\*



**Portfolio manager**  
8%



**Ops staff**  
8%



**Other**  
10%

\*78% founding

## Clients by generation



<b>Gen Z</b>	2%
<b>Millennials</b>	10%
<b>Gen X</b>	22%
<b>Boomers</b>	47%
<b>Matures</b>	19%

Schwab Advisor Services™ serves independent investment advisors and includes the custody, trading and support services of Schwab. Independent investment advisors are not owned by, affiliated with, or supervised by Schwab.

TD Ameritrade Institutional, Division of TD Ameritrade, Inc., member FINRA/SIPC, a subsidiary of The Charles Schwab Corporation. TD Ameritrade is a trademark jointly owned by TD Ameritrade IP Company, Inc. and The Toronto-Dominion Bank.

(0122-244P)

©2022 Charles Schwab & Co., Inc. ("Schwab"). All rights reserved. Member SIPC.