Insights from the 2023 RIA Benchmarking Study
About the 2023 RIA Benchmarking Study

Schwab’s RIA Benchmarking Study is the leading study in the industry—1,300 advisory firms, representing over $1.7 trillion in AUM, participated this year.

2023 marked the 17th year of study.

Advisors responded between January and March 2023.

This report is organized according to Schwab’s Guiding Principles for Advisory Firm Success, a framework to help advisors address the complexities of growing their firms and creating enduring businesses.

“As more investors choose RIAs, firms can manage growth by using scalable processes to create capacity for personalization strategies. Personalization allows advisors to differentiate their offerings – in how they interact with clients, the services they provide, and their investment approach. Deepening the relationship in this way will help create enduring enterprises and lasting success.”

"Firms continue to prioritize attracting new talent as well as developing their existing teams to ensure they deliver the services and experiences through the lens of their ideal client."

Lisa Salvi
Managing Director, Business Consulting and Education
Charles Schwab Advisor Services
2023 Study Highlights

Firms focused on client growth strategies while navigating headwinds in 2022
• While 2022 presented challenges—AUM decreased 7.1% for the median firm—the industry continues to be strong, with organic growth and client retention results demonstrating the enduring appeal of the independent model. (Slide 6)
• Organic growth—which excludes market performance—was a bright spot. Assets from new clients and those from existing clients both reached their second-highest point in five years. Client retention continued to be a testament to the RIA industry, having stayed at 97% for the past five years. Client growth also remained healthy, up 6.2% for all firms, in line with the 5-year annualized growth rate. (Slides 11, 17-18, 35)
• For all firms, referrals from clients and business partners remained the leading driver of growth, accounting for 70% of new clients and 69% of new client assets. There is an opportunity for firms to develop referral plans—across the study, only 34% have client referral plans and 25% have business partner referral plans documented. Results have shown that those with written referral plans saw stronger outcomes from those channels. (Slides 38-39)
• Inorganic strategies continued to fuel growth—nearly half of all firms pursued these strategies over the past five years, and half of all firms are seeking inorganic growth opportunities in the future. (Slides 12-14)

Digital tools, workflows, and client segmentation strategies helped create productivity gains
• Firms are using digital tools, workflows, and client segmentation strategies to gain efficiencies, increase productivity, and create capacity so advisors can provide personalized services while scaling the business. In fact, Top Performing Firms—who more often use digital tools, workflows, and segmentation strategies—spent around 20% less time annually per client on operations and about 10% more time per client on client service than the median firm in the study. (Slides 26-31)
• Client segmentation is critical to long-term business sustainability too. It can help firms align revenue with cost to serve and free up capacity so advisors can focus more time on serving clients and generating new business. (Slides 31-32)

Personalization in investment management strategies can give RIAs an edge
• Advisors offer personalized investment strategies to help tie meaning to clients' investing, beyond returns. Customized investing vehicles include direct indexing, value-based/impact investing, thematic investing, and separately managed accounts. (Slide 23)
• By leveraging behavioral finance, advisors delivered more impactful client experiences by increasing client satisfaction. Nearly half of firms reported using behavioral finance for more than 50% of client interactions and firms using BeFi saw 3.3x more new assets from existing clients in 2022. (Slide 24)
• Firms can use tactics to educate clients about financial planning and investment topics to help support client acquisition efforts. Seventy percent of firms reported using tactics to engage the next generation of investors, building relationships to help secure them as long-term clients. (Slide 40)

Talent remains a top priority for firms
• As firms adapted to the current landscape, talent remained a top strategic priority (#2 ranked strategic initiative), with the majority of firms (77%) reporting they hired in 2022, and 75% planning to hire in 2023. (Slides 10, 42-43)
• To continue meeting client needs, 37% of firms recruited from colleges and universities—the highest in the study's history. Firms also looked for more experienced talent from other RIAs (27%) and professional services firms outside the industry (21%). (Slide 42)
• Firms are focused on cultivating talent internally—developing staff capabilities and skills moved up four spots in the ranking of strategic priorities from two years ago. Additionally, 75% of firms reported offering career path/progression opportunities to keep employees engaged. (Slides 10, 44)
Growing your firm requires focus, strategic planning, and an innovative mindset. Establishing a shared vision for the future, creating alignment, and driving effective execution powers 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.
The Firm Performance Index identifies Top Performing Firms and helps advisors pinpoint strengths and opportunities.

The Firm Performance Index ranks all firms on 15 metrics that align with the Guiding Principles for Advisory Firm Success.

The index is a holistic assessment of RIA performance across key areas.

Top Performing Firms are those that rank in the top 20% of the index.

**Firm performance**
- 5-year client CAGR
- 5-year net asset flows CAGR
- 5-year revenue CAGR
- 2022 AUM growth rate from new client assets
- 2022 AUM growth rate from existing client assets
- Client attrition
- Staff attrition
- Operating margin (reported)
- Time spent on client service
- Time spent on operations

**Activities implemented**
- Standardized workflows in CRM for over 50% of tasks
- Written strategic plan
- Written succession plan
- Ideal client persona/profile
- Client value proposition

Past performance is not an indicator of future results. 2023 RIA Benchmarking Study from Charles Schwab, fielded January to March 2023. Study contains self-reported data from 1,300 firms. Participant firms represent various sizes and business models categorized into peer groups by AUM.
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.
The RIA industry continues to demonstrate strong long-term results, despite a challenging 2022.

**Assets under management**

- **In millions**
  - 2017: $275
  - 2022: $455
  - **-7.1% in 2022**
  - **+10.0% CAGR¹ in 2022**

**Revenue**

- **In thousands**
  - 2017: $1,988
  - 2022: $3,067
  - **+4.1% in 2022**
  - **+10.8% CAGR¹**

**Clients**

- 2017: 247
- 2022: 314
- **+6.2% in 2022**
- **+6.2% CAGR¹**

---

¹ Median 5-year compound annual growth rate (CAGR) over the period from year-end 2017 through 2022 for all firms with $25 million or more in AUM. Median results for all firms with $25 million or more in AUM. Past performance is not an indicator of future results. 2023 RIA Benchmarking Study from Charles Schwab, fielded January to March 2023. Study contains self-reported data from 1,300 firms. Participant firms represent various sizes and business models categorized into peer groups by AUM.
Top Performing Firms demonstrate more robust growth than all other firms.

Median AUM Growth

Top Performing Firms vs all other firms

5-year CAGR:
- Net asset flows 2.8x
- Clients 2.7x
- Revenue 2.0x

Top Performing Firms are those that rank in the top 20% of the Firm Performance Index. The index evaluates all firms in the study according to 15 metrics to arrive at a holistic assessment of each firm’s performance across key business areas. Past performance is not an indicator of future results. 2023 RIA Benchmarking Study from Charles Schwab, fielded January to March 2023. Study contains self-reported data from 1,300 firms. Participant firms represent various sizes and business models categorized into peer groups by AUM.
Firms responded to clients’ investment needs by prioritizing additional resources.

<table>
<thead>
<tr>
<th>Top concerns/topics raised by clients</th>
<th>Top investment-related firm priorities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market volatility</td>
<td>Asset allocation</td>
</tr>
<tr>
<td>Inflation</td>
<td>Liquidity/cash management</td>
</tr>
<tr>
<td>Liquidity/cash management</td>
<td>Active management</td>
</tr>
</tbody>
</table>

Results for all firms with $25 million or more in AUM. Past performance is not an indicator of future results. 2023 RIA Benchmarking Study from Charles Schwab, fielded January to March 2023. Study contains self-reported data from 1,300 firms. Participant firms represent various sizes and business models categorized into peer groups by AUM.
Clients’ investment objectives and market conditions impacted use of investment strategies.

Investment vehicles with increased use in 2023

- Individual bonds
- Passive and active ETFs
- Private equity
- Direct indexing

Investment vehicles with decreased use in 2023

- Active mutual funds
- Passive mutual funds

Results for all firms with $25 million or more in AUM. Past performance is not an indicator of future results. 2023 RIA Benchmarking Study from Charles Schwab, fielded January to March 2023. Study contains self-reported data from 1,300 firms. Participant firms represent various sizes and business models categorized into peer groups by AUM.
Client acquisition remains a top priority, with recruiting talent and developing staff also ranking highly.

<table>
<thead>
<tr>
<th>Top strategic initiatives</th>
<th>2023</th>
<th>Rank</th>
<th>2022</th>
<th>Rank</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquire new clients through client referrals</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recruit staff to increase firm's skill set/capacity</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquire new clients through business referrals</td>
<td>3</td>
<td>3</td>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enhance strategic planning and execution</td>
<td>4</td>
<td>4</td>
<td>3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improve productivity using process changes</td>
<td>5</td>
<td>5</td>
<td>7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Develop skills and capabilities of staff</td>
<td>6</td>
<td>8</td>
<td>10</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Results for all firms with $250 million or more in AUM that selected initiative as a top 3 priority. 2023 RIA Benchmarking Study from Charles Schwab, fielded January to March 2023. Study contains self-reported data from 1,300 firms. Participant firms represent various sizes and business models categorized into peer groups by AUM.
Organic growth was a bright spot in 2022 as firms’ value propositions continued to attract investors.

### Contribution of net organic asset growth to AUM growth

<table>
<thead>
<tr>
<th>Year</th>
<th>Firms under $250M</th>
<th>Firms over $250M</th>
<th>Top Performing Firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>7.7%</td>
<td>20.9%</td>
<td>7.7%</td>
</tr>
<tr>
<td>2021</td>
<td>17.1%</td>
<td>27.8%</td>
<td>11.3%</td>
</tr>
<tr>
<td>2022</td>
<td>14.4%</td>
<td>14.0%</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

Median results. Top Performing Firms are those that rank in the top 20% of the Firm Performance Index. The index evaluates all firms in the study according to 15 metrics to arrive at a holistic assessment of each firm’s performance across key business areas. Past performance is not an indicator of future results. 2023 RIA Benchmarking Study from Charles Schwab, fielded January to March 2023. Study contains self-reported data from 1,300 firms. Participant firms represent various sizes and business models categorized into peer groups by AUM.
Nearly half of firms have pursued inorganic strategies over the past five years.

19% of firms have engaged in M&A in the past 5 years.

24% of firms have had an advisor with a book of business join in the past 5 years.

<table>
<thead>
<tr>
<th></th>
<th>Firms with inorganic activity</th>
<th>Firms without inorganic activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>5-year CAGR</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AUM</td>
<td>11.8%</td>
<td>8.3%</td>
</tr>
<tr>
<td>Clients</td>
<td>7.9%</td>
<td>5.4%</td>
</tr>
<tr>
<td>Net asset flows</td>
<td>7.3%</td>
<td>6.0%</td>
</tr>
</tbody>
</table>

Inorganic activity represents mergers and acquisitions, divestitures, and advisors joining or leaving over the period from 2018 through 2022. Results for all firms with $250 million or more in AUM. Past performance is not an indicator of future results. 2023 RIA Benchmarking Study from Charles Schwab, fielded January to March 2023. Study contains self-reported data from 1,300 firms. Participant firms represent various sizes and business models categorized into peer groups by AUM.
Looking ahead, half of all firms in the study are seeking inorganic growth opportunities.

- **Firms actively seeking to buy another RIA**
  - Firms over $250M: 26%
  - Firms over $1B: 38%

- **Firms actively seeking to bring on an advisor with a book of business**
  - Firms over $250M: 44%
  - Firms over $1B: 55%

- **Firms actively seeking to bring on a principal with transferrable assets**
  - Firms over $250M: 18%
  - Firms over $1B: 26%
Firms are pursuing inorganic strategies for various reasons.

Create Scale  Expand Service Suite
Operational Efficiency  Succession
Acquire Talent  Improve Client Experience
New Geographic Market  AUM Growth
New Niche Market  Increase Career Paths

1 in 4 firms are considering selling, merging, or acquiring another firm as a succession strategy.
Strategic and succession plans support firm performance and endurance.

<table>
<thead>
<tr>
<th>Firms with written strategic plans</th>
<th>Firms with written succession plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Firms under $250M</td>
<td>46%</td>
</tr>
<tr>
<td>Firms over $250M</td>
<td>67%</td>
</tr>
<tr>
<td>Top Performing Firms</td>
<td>79%</td>
</tr>
</tbody>
</table>

Top Performing Firms are those that rank in the top 20% of the Firm Performance Index. The index evaluates all firms in the study according to 15 metrics to arrive at a holistic assessment of each firm’s performance across key business areas. Past performance is not an indicator of future results. 2023 RIA Benchmarking Study from Charles Schwab, fielded January to March 2023. Study contains self-reported data from 1,300 firms. Participant firms represent various sizes and business models categorized into peer groups by AUM.
GUIDING PRINCIPLES FOR ADVISORY FIRM SUCCESS

Effective planning and execution is a leading indicator of success

Value is defined through your clients’ eyes

Your reputation is your brand

People are your most important asset

Operational excellence creates greater capacity for clients
Client retention has remained at 97% for the past five years—a testament to the RIA industry.
Despite a challenging year, net assets from existing clients remained healthy in 2022, especially for Top Performing Firms.

Net assets from existing clients
(excluding investment performance)
In millions

Median results. Net assets from existing clients excludes investment performance. Top Performing Firms are those that rank in the top 20% of the Firm Performance Index. The index evaluates all firms in the study according to 15 metrics to arrive at a holistic assessment of each firm’s performance across key business areas. Past performance is not an indicator of future results. 2023 RIA Benchmarking Study from Charles Schwab, fielded January to March 2023. Study contains self-reported data from 1,300 firms. Participant firms represent various sizes and business models categorized into peer groups by AUM.
Documenting an ideal client persona and client value proposition helps firms define their CX and support new client growth.

<table>
<thead>
<tr>
<th>Firms with a documented ideal client persona/profile (ICP)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Performing Firms</td>
<td>79%</td>
</tr>
<tr>
<td>Firms over $250M</td>
<td>68%</td>
</tr>
<tr>
<td>Firms under $250M</td>
<td>59%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Firms with a documented client value proposition (CVP)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Performing Firms</td>
<td>76%</td>
</tr>
<tr>
<td>Firms over $250M</td>
<td>66%</td>
</tr>
<tr>
<td>Firms under $250M</td>
<td>53%</td>
</tr>
</tbody>
</table>

Top Performing Firms are those that rank in the top 20% of the Firm Performance Index. The index evaluates all firms in the study according to 15 metrics to arrive at a holistic assessment of each firm’s performance across key business areas. Past performance is not an indicator of future results. 2023 RIA Benchmarking Study from Charles Schwab, fielded January to March 2023. Study contains self-reported data from 1,300 firms. Participant firms represent various sizes and business models categorized into peer groups by AUM.
An integrated marketing plan covering all activities that reach prospects and clients is essential for growth.

Firms with a documented marketing plan:
- Top Performing Firms: 54%
- Firms over $250M: 46%
- Firms under $250M: 32%

Average marketing and business development spend as a percent of revenue:
- Top Performing Firms: 2.4%
- Firms over $250M: 1.8%
- Firms under $250M: 2.2%

Top Performing Firms are those that rank in the top 20% of the Firm Performance Index. The index evaluates all firms in the study according to 15 metrics to arrive at a holistic assessment of each firm’s performance across key business areas. Past performance is not an indicator of future results. 2023 RIA Benchmarking Study from Charles Schwab, fielded January to March 2023. Study contains self-reported data from 1,300 firms. Participant firms represent various sizes and business models categorized into peer groups by AUM.
Firms with written marketing plans, ideal client personas, and client value propositions attracted more new clients and assets.

52%  
More new clients in 2022

46%  
More new client assets in 2022

Median results for all firms with $250 million or more in AUM. Past performance is not an indicator of future results. 2023 RIA Benchmarking Study from Charles Schwab, fielded January to March 2023. Study contains self-reported data from 1,300 firms. Participant firms represent various sizes and business models categorized into peer groups by AUM.
Firms offer services to meet ideal client needs, usually including them as part of the fee. Personalizing services can help deepen relationships.

**Results for all firms with $250 million or more in AUM. Past performance is not an indicator of future results. 2023 RIA Benchmarking Study from Charles Schwab, fielded January to March 2023. Study contains self-reported data from 1,300 firms. Participant firms represent various sizes and business models categorized into peer groups by AUM.**
Advisors offer personalized investment strategies to help tie meaning to clients’ investing, beyond returns.

<table>
<thead>
<tr>
<th>Firms using customized investment vehicles</th>
<th>Firms under $250M</th>
<th>Firms $250M-$1B</th>
<th>Firms over $1B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct indexing¹</td>
<td>20%</td>
<td>27%</td>
<td>44%</td>
</tr>
<tr>
<td>Values-based/impact investing</td>
<td>44%</td>
<td>49%</td>
<td>65%</td>
</tr>
<tr>
<td>Thematic investing</td>
<td>25%</td>
<td>25%</td>
<td>32%</td>
</tr>
<tr>
<td>Separately Managed Accounts (SMAs)</td>
<td>26%</td>
<td>43%</td>
<td>70%</td>
</tr>
</tbody>
</table>

¹Includes firms that are using and plan to use in 2023.
Past performance is not an indicator of future results. 2023 RIA Benchmarking Study from Charles Schwab, fielded January to March 2023. Study contains self-reported data from 1,300 firms. Participant firms represent various sizes and business models categorized into peer groups by AUM.
Behavioral finance can help advisors deliver more impactful client experiences by increasing client satisfaction.

**Firms using behavioral finance (BeFi)**

Nearly half of firms use BeFi for more than 50% of client interactions

- **Firms under $250M**: 81%
- **Firms over $250M**: 82%
- **Top Performing Firms**: 88%

Firms using behavioral finance saw

3.3x more new assets from existing clients in 2022.¹
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
Strategies to create efficiencies have led to productivity gains.

Top Performing Firms spent around 20% less time annually per client on operations (13 hours) and about 10% more time per client (31 hours) on client service.
Technology is essential for client connections and operations.

Firms using technology systems

Technology systems selected as having greatest impact or ROI in 2022

<table>
<thead>
<tr>
<th>System</th>
<th>2019</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portfolio management system</td>
<td>99%</td>
<td>99%</td>
</tr>
<tr>
<td>Client relationship management (CRM)</td>
<td>95%</td>
<td>97%</td>
</tr>
<tr>
<td>Financial planning system</td>
<td>87%</td>
<td>91%</td>
</tr>
<tr>
<td>Portal to share information with clients</td>
<td>83%</td>
<td>88%</td>
</tr>
<tr>
<td>Trading and rebalancing system</td>
<td>76%</td>
<td>85%</td>
</tr>
<tr>
<td>Document management system</td>
<td>61%</td>
<td>78%</td>
</tr>
</tbody>
</table>

Results from the 2020 and 2023 RIA Benchmarking Study from Charles Schwab. Results for all firms with $250 million or more in AUM. Past performance is not an indicator of future results. 2023 RIA Benchmarking Study from Charles Schwab, fielded January to March 2023. Study contains self-reported data from 1,300 firms. Participant firms represent various sizes and business models categorized into peer groups by AUM.
Top Performing Firms more often use their CRM as the central hub to serve clients more consistently.

Firms with three or more data sources or systems integrated with CRM

Firms with standardized workflows within CRM for over 50% of tasks

Results from the 2020 and 2023 RIA Benchmarking Study from Charles Schwab. Top Performing Firms are those that rank in the top 20% of the Firm Performance Index. The index evaluates all firms in the study according to 15 metrics to arrive at a holistic assessment of each firm’s performance across key business areas. Past performance is not an indicator of future results. 2023 RIA Benchmarking Study from Charles Schwab, fielded January to March 2023. Study contains self-reported data from 1,300 firms. Participant firms represent various sizes and business models categorized into peer groups by AUM.
Top Performing Firms implemented digital processes more often to drive operational efficiencies.

Firms that use digital processes and workflows

<table>
<thead>
<tr>
<th>Activity</th>
<th>Top Performing Firms</th>
<th>All other firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electronic signature for custodian forms</td>
<td>100%</td>
<td>95%</td>
</tr>
<tr>
<td>Virtual meetings</td>
<td>98%</td>
<td>97%</td>
</tr>
<tr>
<td>Electronic signature for firm-specific forms</td>
<td>93%</td>
<td>87%</td>
</tr>
<tr>
<td>Digital forms</td>
<td>93%</td>
<td>85%</td>
</tr>
<tr>
<td>Move money</td>
<td>89%</td>
<td>87%</td>
</tr>
<tr>
<td>Screen sharing/co-browsing</td>
<td>84%</td>
<td>76%</td>
</tr>
<tr>
<td>Online platform for clients</td>
<td>60%</td>
<td>56%</td>
</tr>
<tr>
<td>Online meeting scheduler</td>
<td>58%</td>
<td>47%</td>
</tr>
<tr>
<td>Text</td>
<td>37%</td>
<td>32%</td>
</tr>
</tbody>
</table>

Over half of all firms in the study increased their use of digital workflows in 2022.¹

¹ Based on firms that have implemented each digital workflow.

Results for Top Performing Firms and all other firms. Top Performing Firms are those that rank in the top 20% of the Firm Performance Index. The index evaluates all firms in the study according to 15 metrics to arrive at a holistic assessment of each firm’s performance across key business areas. Past performance is not an indicator of future results. 2023 RIA Benchmarking Study from Charles Schwab, fielded January to March 2023. Study contains self-reported data from 1,300 firms. Participant firms represent various sizes and business models categorized into peer groups by AUM.
By improving security, consistency, and efficiency, digital client onboarding helps reduce fraud and rework.

Firms that use digital client onboarding workflows

- **Top Performing Firms**
- **All other firms**

<table>
<thead>
<tr>
<th>Service</th>
<th>Top Performing Firms</th>
<th>All other firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Account opening</td>
<td>98%</td>
<td>93%</td>
</tr>
<tr>
<td>Account funding</td>
<td>93%</td>
<td>89%</td>
</tr>
<tr>
<td>General notices</td>
<td>89%</td>
<td>79%</td>
</tr>
<tr>
<td>Client agreement and welcome letter</td>
<td>87%</td>
<td>76%</td>
</tr>
<tr>
<td>Financial planning</td>
<td>74%</td>
<td>64%</td>
</tr>
<tr>
<td>Client data collection</td>
<td>74%</td>
<td>61%</td>
</tr>
<tr>
<td>Investment allocation</td>
<td>65%</td>
<td>56%</td>
</tr>
<tr>
<td>Technical workflow support for clients</td>
<td>34%</td>
<td>24%</td>
</tr>
</tbody>
</table>

Results for Top Performing Firms and all other firms. Top Performing Firms are those that rank in the top 20% of the Firm Performance Index. The index evaluates all firms in the study according to 15 metrics to arrive at a holistic assessment of each firm’s performance across key business areas. Past performance is not an indicator of future results. 2023 RIA Benchmarking Study from Charles Schwab, fielded January to March 2023. Study contains self-reported data from 1,300 firms. Participant firms represent various sizes and business models categorized into peer groups by AUM.
A client segmentation strategy can help build scale and manage profitability.

**Firms with a client segmentation strategy**

A segmentation strategy defines the client experience and how it’s delivered consistently and efficiently among each segment of clients.

Firms with a segmentation strategy manage more clients per professional than those without one.¹

1 Median results for firms with $250 million or more in AUM.

Top Performing Firms are those that rank in the top 20% of the Firm Performance Index. The index evaluates all firms in the study according to 15 metrics to arrive at a holistic assessment of each firm’s performance across key business areas. Past performance is not an indicator of future results. 2023 RIA Benchmarking Study from Charles Schwab, fielded January to March 2023. Study contains self-reported data from 1,300 firms. Participant firms represent various sizes and business models categorized into peer groups by AUM.
Aligning revenue with cost to serve clients is essential to building a profitable business.

Results for all firms with $250 million or more in AUM. Past performance is not an indicator of future results. 2023 RIA Benchmarking Study from Charles Schwab, fielded January to March 2023. Study contains self-reported data from 1,300 firms. Participant firms represent various sizes and business models categorized into peer groups by AUM.
Advisors are strengthening their cybersecurity programs to protect their clients and firms.

Firms with cybersecurity activity implemented

- Employee training: 97%
- Cyber insurance: 89%
- Cyber consulting: 69%
- Client education: 52%

Results for all firms with $250 million or more in AUM from the 2022 and 2023 RIA Benchmarking Study from Charles Schwab. Past performance is not an indicator of future results. 2023 RIA Benchmarking Study from Charles Schwab, fielded January to March 2023. Study contains self-reported data from 1,300 firms. Participant firms represent various sizes and business models categorized into peer groups by AUM.
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.

People are your most important asset.

Your reputation is your brand.
Firms continued their culture of new client growth in 2022, using a variety of tactics to achieve results.

Assets from new clients
In millions

Median results. Top Performing Firms are those that rank in the top 20% of the Firm Performance Index. The index evaluates all firms in the study according to 15 metrics to arrive at a holistic assessment of each firm’s performance across key business areas. Past performance is not an indicator of future results. 2023 RIA Benchmarking Study from Charles Schwab, fielded January to March 2023. Study contains self-reported data from 1,300 firms. Participant firms represent various sizes and business models categorized into peer groups by AUM.
Top Performing Firms saw over two times the growth in assets from new clients, driven by their marketing and client referrals.
The 5-year CAGRs for Top Performing Firms indicate successful long-term strategies.

<table>
<thead>
<tr>
<th></th>
<th>Top Performing Firms</th>
<th>All other firms</th>
<th>Multiple</th>
</tr>
</thead>
<tbody>
<tr>
<td>5-year net asset flows CAGR</td>
<td>14.1%</td>
<td>5.0%</td>
<td>2.8x</td>
</tr>
<tr>
<td>5-year revenue CAGR</td>
<td>18.2%</td>
<td>8.9%</td>
<td>2.0x</td>
</tr>
<tr>
<td>5-year client CAGR</td>
<td>12.8%</td>
<td>4.7%</td>
<td>2.7x</td>
</tr>
<tr>
<td>Number of new clients in 2022</td>
<td>34</td>
<td>22</td>
<td>1.5x</td>
</tr>
<tr>
<td>Assets from new clients in 2022</td>
<td>$33.3 million</td>
<td>$16.9 million</td>
<td>2.0x</td>
</tr>
<tr>
<td>New revenue per professional in 2022</td>
<td>$67,000</td>
<td>$35,000</td>
<td>1.9x</td>
</tr>
</tbody>
</table>

Median results for Top Performing Firms and all other firms. Top Performing Firms are those that rank in the top 20% of the Firm Performance Index. The index evaluates all firms in the study according to 15 metrics to arrive at a holistic assessment of each firm’s performance across key business areas. Past performance is not an indicator of future results. 2023 RIA Benchmarking Study from Charles Schwab, fielded January to March 2023. Study contains self-reported data from 1,300 firms. Participant firms represent various sizes and business models categorized into peer groups by AUM.
Referrals account for a majority of new clients, yet fewer than half of firms document referral plans.

Top Performing Firms are those that rank in the top 20% of the Firm Performance Index. The index evaluates all firms in the study according to 15 metrics to arrive at a holistic assessment of each firm’s performance across key business areas. Past performance is not an indicator of future results. 2023 RIA Benchmarking Study from Charles Schwab, fielded January to March 2023. Study contains self-reported data from 1,300 firms. Participant firms represent various sizes and business models categorized into peer groups by AUM.
Firms with referral plans achieved stronger results from those channels in 2022 than firms without referral plans.

<table>
<thead>
<tr>
<th>Firms with existing client referral plans</th>
<th>Firms with business partner referral plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.6x more new clients generated from existing client referrals</td>
<td>4.0x more new clients generated from business partner referrals</td>
</tr>
<tr>
<td>1.6x more new client assets generated from existing client referrals</td>
<td>5.1x more new client assets generated from business partner referrals</td>
</tr>
</tbody>
</table>

Median results for all firms with $250 million or more in AUM. Past performance is not an indicator of future results. 2023 RIA Benchmarking Study from Charles Schwab, fielded January to March 2023. Study contains self-reported data from 1,300 firms. Participant firms represent various sizes and business models categorized into peer groups by AUM.
Tactics used to educate clients about the markets and financial planning can also help support new business efforts.

Firms using client education tactics

- **Top Performing Firms**
  - One-on-one education: 92%
  - Newsletters: 80%
  - Engage with next gen/family: 68%
  - Articles/blogs for website: 62%
  - Social media: 58%
  - White label materials from partners: 43%
  - Educational workshops: 38%
  - Podcasts: 18%

- **All other firms**
  - One-on-one education: 88%
  - Newsletters: 74%
  - Engage with next gen/family: 71%
  - Articles/blogs for website: 57%
  - Social media: 48%
  - White label materials from partners: 37%
  - Educational workshops: 32%
  - Podcasts: 13%

The median firm in the study uses five tactics to educate their clients.¹

¹ Median result for firms with $250 million or more in AUM.

Results for Top Performing Firms and all other firms. Top Performing Firms are those that rank in the top 20% of the Firm Performance Index. The index evaluates all firms in the study according to 15 metrics to arrive at a holistic assessment of each firm’s performance across key business areas. Past performance is not an indicator of future results. 2023 RIA Benchmarking Study from Charles Schwab, fielded January to March 2023. Study contains self-reported data from 1,300 firms. Participant firms represent various sizes and business models categorized into peer groups by AUM.
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
Recruiting staff ranked as the second-highest strategic priority in the 2023 study.

Median firm hired 2 staff in 2022.

Two-thirds of staff hires were for new positions at firms.

Firms cast a broad net to attract candidates, recruiting from:

- colleges/universities (37% of firms)
- RIAs (27% of firms)
- non-financial professional services firms (21% of firms)

Firms that hired in 2022

Results for all firms with $250 million or more in AUM. Staff hired based on those firms that added staff. Past performance is not an indicator of future results. 2023 RIA Benchmarking Study from Charles Schwab, fielded January to March 2023. Study contains self-reported data from 1,300 firms. Participant firms represent various sizes and business models categorized into peer groups by AUM.
Adding talent continues to be a focus for most firms.

Firms that plan to hire in 2023

75%

Median firm will need to hire 4 new roles over the next five years.

Median Top Performing Firm will need to hire 8 new roles over the next five years.

Results for all firms with $250 million or more in AUM. Top Performing Firms are those that rank in the top 20% of the Firm Performance Index. The index evaluates all firms in the study according to 15 metrics to arrive at a holistic assessment of each firm’s performance across key business areas. Past performance is not an indicator of future results. 2023 RIA Benchmarking Study from Charles Schwab, fielded January to March 2023. Study contains self-reported data from 1,300 firms. Participant firms represent various sizes and business models categorized into peer groups by AUM.
Based on the demand for talent, firms are also looking internally to develop their employees.

#6 developing staff capabilities/skills ranks as #6 strategic priority, up four spots from two years ago. 75% of firms offer a career path/progression opportunities. 40% of firms promoted staff in 2022.

Results for all firms with $250 million or more in AUM. Past performance is not an indicator of future results. 2023 RIA Benchmarking Study from Charles Schwab, fielded January to March 2023. Study contains self-reported data from 1,300 firms. Participant firms represent various sizes and business models categorized into peer groups by AUM.
An employee value proposition (EVP) is essential to attract and retain talent.

Firms with a documented employee value proposition

An EVP is a set of offerings the firm provides to staff in return for the skills and experiences employees bring to the firm.

Top Performing Firms are those that rank in the top 20% of the Firm Performance Index. The index evaluates all firms in the study according to 15 metrics to arrive at a holistic assessment of each firm’s performance across key business areas. Past performance is not an indicator of future results. 2023 RIA Benchmarking Study from Charles Schwab, fielded January to March 2023. Study contains self-reported data from 1,300 firms. Participant firms represent various sizes and business models categorized into peer groups by AUM.
Top Performing Firms include more elements in an EVP than the median firm in the study.

Elements firms include in their employee value proposition

Top Performing Firms

All other firms

Compelling work setting
Emphasis on teamwork, recognition, and connections
Financial rewards beyond base salary
Defined mission statement, culture, and values
Career path/progression opportunities
Remote or hybrid workplace
Coaching and/or mentorships
Commitment to an inclusive workplace
Nontraditional employee benefits
Equity ownership opportunities

Number of elements included in EVP (at the median):

Top Performing Firms:  8
Firms over $250M:  7

Results for Top Performing Firms and all other firms. Top Performing Firms are those that rank in the top 20% of the Firm Performance Index. The index evaluates all firms in the study according to 15 metrics to arrive at a holistic assessment of each firm’s performance across key business areas. Past performance is not an indicator of future results. 2023 RIA Benchmarking Study from Charles Schwab, fielded January to March 2023. Study contains self-reported data from 1,300 firms. Participant firms represent various sizes and business models categorized into peer groups by AUM.
Minimizing staff attrition helps ensure a firm’s stability.

<table>
<thead>
<tr>
<th>Firms with staff departures</th>
<th>Top Performing Firms</th>
<th>Firms over $250M</th>
<th>Firms under $250M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median staff attrition rate</td>
<td>Top Performing Firms</td>
<td>Firms over $250M</td>
<td>Firms under $250M</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3.7%</td>
<td>0.0%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>8.5%</td>
<td></td>
</tr>
</tbody>
</table>

Top Performing Firms are those that rank in the top 20% of the Firm Performance Index. The index evaluates all firms in the study according to 15 metrics to arrive at a holistic assessment of each firm’s performance across key business areas. Past performance is not an indicator of future results. 2023 RIA Benchmarking Study from Charles Schwab, fielded January to March 2023. Study contains self-reported data from 1,300 firms. Participant firms represent various sizes and business models categorized into peer groups by AUM.
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.

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.

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.

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.

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.
Methodology and disclosures

For informational purposes only.

Schwab designed the RIA Benchmarking Study to capture insights in the RIA industry based on survey responses from individual firms. The 2023 study provides information on topics such as asset and revenue growth, sources of new clients, products and pricing, staffing, compensation, marketing, technology, and financial performance.

Since the inception of the study in 2006, more than 4,500 firms have participated, with many repeat participants.

Fielded from January to March 2023, the study contains self-reported data from 1,300 firms that custody their assets with Schwab or TD Ameritrade and represents over $1.7 trillion in assets under management, making this the leading study in the RIA industry. Schwab did not independently verify or validate the self-reported information.

Participant firms represent various sizes and business models. They are categorized into eight peer groups by AUM size.

The study is part of Schwab Business Consulting and Education, a practice management offering for RIAs. Grounded in the best practices of leading independent advisory firms, Business Consulting and Education provides insight, guidance, tools, and resources to help RIAs strategically manage and grow their firm.

The Firm Performance Index evaluates firms in the study according to 15 metrics that align with the Guiding Principles for Advisory Firm Success, to arrive at a holistic assessment of each firm’s performance across key business areas. It provides comprehensive comparisons for all firms participating in the study, not just within a peer group. The metrics in the Firm Performance Index measure growth in clients, assets and revenue; client attrition; staff attrition; operating margin; time spent on client service; time spent on operations; standardized workflows; written strategic plan and succession plan; and ideal client persona and client value proposition. The Firm Performance Index is calculated among all firms in the study without regard to assets under management or firm type. Firms that rank in the top 20% of the index are included in the Top Performing Firms.

Past performance is not an indicator of future results.

Charles Schwab & Co., Inc. ("Schwab") is a separate but affiliated company and subsidiary of The Charles Schwab Corporation ("Charles 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. Schwab Advisor Services™ serves independent investment advisors and includes the custody, trading, and support of Schwab.

©2023 Charles Schwab & Co., Inc. All rights reserved. Member SIPC.