2021 RIA Benchmarking Study

July 2021

Media contact:
Meredith Richard
Charles Schwab
646.343.7419
Meredith.Richard@schwab.com
2021 Highlights

A challenging year becomes a catalyst for growth

- Firms adapted to the challenging environment and achieved success by using a variety of innovative strategies to support staff, engage clients, and drive new business results.

- Given the environment, firms experienced remarkable growth in 2020:
  - AUM up 14.5%, revenue up 7.5%, and number of clients up 4.7% for all firms, at the median.
  - Asset growth rates were higher than the 5-year compound annual growth rates over the period 2016 through 2020.

- Firms adapted quickly to new business practices in 2020:
  - Strengthening client relationships virtually.
  - Approaching business development differently.
  - Leveraging opportunities for productivity gains.

- This year’s focus section centered around new client growth and tactics firms used to propel client acquisition during the pandemic.
  - RIAs had success with digital business development, with over 70% of firms generating leads from their websites, virtual prospect events, and online advertising.
  - 68% of all advisors met or exceeded their client growth goals. Top Performing Firms did even better, with 81% exceeding or meeting their new client goals.

“2020 created an atmosphere of innovation that helped advisors reimagine how they engage with clients, prospects, and staff. These experiences will help advisors thrive as the RIA industry continues to grow.”

Lisa Salvi
Managing Director
Business Consulting & Education

Looking ahead
This icon identifies insights from the study that highlight the value of key management strategies that can help firms plan ahead.

2021 RIA Benchmarking Study from Charles Schwab
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.
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
Advisors continue to prioritize client acquisition, with leveraging digital channels and recruiting new staff rising in importance.

<table>
<thead>
<tr>
<th>Top strategic initiatives</th>
<th>Rank 2021</th>
<th>Rank 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquire new clients through client referrals</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Recruit staff to increase firm's skill set/capacity</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Enhance strategic planning and execution</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Acquire new clients through business referrals</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Acquire new clients through digital channels</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>Improve productivity with new technology</td>
<td>6</td>
<td>3</td>
</tr>
</tbody>
</table>

Results for all firms with $250 million or more in AUM that selected initiative as a top 3 priority. 2021 RIA Benchmarking Study from Charles Schwab, fielded January to March 2021. Study contains self-reported data from 1,340 firms. Participant firms represent various sizes and business models categorized into 7 peer groups by AUM.

2021 RIA Benchmarking Study from Charles Schwab
Despite an unprecedented year, RIA firms saw continued growth, indicating a positive trajectory.

**Assets under management**

<table>
<thead>
<tr>
<th>Year</th>
<th>In millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$197</td>
</tr>
<tr>
<td>2020</td>
<td>$439</td>
</tr>
<tr>
<td>2025</td>
<td>$791</td>
</tr>
</tbody>
</table>

- **+14.5% in 2020**
- **+12.5% CAGR¹**

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**Revenue**

<table>
<thead>
<tr>
<th>Year</th>
<th>In thousands</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$1,860</td>
</tr>
<tr>
<td>2020</td>
<td>$2,578</td>
</tr>
<tr>
<td>2025</td>
<td>$3,793</td>
</tr>
</tbody>
</table>

- **+7.5% in 2020**
- **+8.0% CAGR¹**

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**Clients**

<table>
<thead>
<tr>
<th>Year</th>
<th>In thousands</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>228</td>
</tr>
<tr>
<td>2020</td>
<td>298</td>
</tr>
<tr>
<td>2025</td>
<td>383</td>
</tr>
</tbody>
</table>

- **+4.7% in 2020**
- **+5.2% CAGR¹**

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¹ Median compound annual growth rate (CAGR) over the five-year period from year-end 2015 through 2020 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. 2021 RIA Benchmarking Study from Charles Schwab, fielded January to March 2021. Study contains self-reported data from 1,340 firms. Participant firms represent various sizes and business models categorized into 7 peer groups by AUM.
Last year’s AUM growth rate exceeded the 5-year annualized growth rates for all peer groups.

### Assets under management (AUM)

In millions

Median results by peer group

5-Year AUM CAGR (year-end 2015 through 2020)

<table>
<thead>
<tr>
<th>Peer Group</th>
<th>2015 (year-end)</th>
<th>2020 (year-end)</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100M–$250M</td>
<td>$90</td>
<td>$175</td>
<td>+12.6% in 2020</td>
</tr>
<tr>
<td>$250M–$500M</td>
<td>$191</td>
<td>$350</td>
<td>+12.5% in 2020</td>
</tr>
<tr>
<td>$500M–$750M</td>
<td>$349</td>
<td>$621</td>
<td>+12.0% in 2020</td>
</tr>
<tr>
<td>$750M–$1B</td>
<td>$537</td>
<td>$864</td>
<td>+10.2% in 2020</td>
</tr>
<tr>
<td>$1B–$2.5B</td>
<td>$787</td>
<td>$1,492</td>
<td>+12.8% in 2020</td>
</tr>
<tr>
<td>Over $2.5B</td>
<td>$2,073</td>
<td>$4,263</td>
<td>+13.2% in 2020</td>
</tr>
</tbody>
</table>

Past performance is not an indicator of future results. 2021 RIA Benchmarking Study from Charles Schwab, fielded January to March 2021. Study contains self-reported data from 1,340 firms. Participant firms represent various sizes and business models categorized into 7 peer groups by AUM.

2021 RIA Benchmarking Study from Charles Schwab
Five-year revenue growth remained solid, supported by strong AUM performance in the prior year.

Revenue
In thousands
Median results by peer group
5-Year revenue CAGR (year-end 2015 through 2020)

<table>
<thead>
<tr>
<th>Peer Group</th>
<th>2015 (year-end)</th>
<th>2020 (year-end)</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100M–$250M</td>
<td>$700</td>
<td>$1,135</td>
<td>+8.8%</td>
</tr>
<tr>
<td>$250M–$500M</td>
<td>$1,310</td>
<td>$2,130</td>
<td>+8.1%</td>
</tr>
<tr>
<td>$500M–$750M</td>
<td>$2,265</td>
<td>$3,414</td>
<td>+7.5%</td>
</tr>
<tr>
<td>$750M–$1B</td>
<td>$3,157</td>
<td>$4,832</td>
<td>+6.3%</td>
</tr>
<tr>
<td>$1B–$2.5B</td>
<td>$4,820</td>
<td>$7,849</td>
<td>+7.9%</td>
</tr>
<tr>
<td>Over $2.5B</td>
<td></td>
<td>$22,397</td>
<td>+7.1%</td>
</tr>
</tbody>
</table>

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Growth in clients remained consistent even as firms relied on virtual interactions to engage prospects and build relationships.

<table>
<thead>
<tr>
<th>Total clients</th>
<th>Median results by peer group</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020 Average assets per client ($M)</td>
</tr>
<tr>
<td>$100M–$250M</td>
<td>$1.2M</td>
</tr>
<tr>
<td>$250M–$500M</td>
<td>$1.6M</td>
</tr>
<tr>
<td>$500M–$750M</td>
<td>$1.9M</td>
</tr>
<tr>
<td>$750M–$1B</td>
<td>$2.4M</td>
</tr>
<tr>
<td>$1B–$2.5B</td>
<td>$3.0M</td>
</tr>
<tr>
<td>Over $2.5B</td>
<td>$4.7M</td>
</tr>
</tbody>
</table>

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2021 RIA Benchmarking Study from Charles Schwab
Top Performing Firms demonstrate more robust AUM growth than other firms.

Median AUM Growth

- Top Performing Firms
- All other firms

- 2016: 16.9%
- 2017: 26.2%
- 2018: 5.9%
- 2019: 26.0%
- 2020: 20.1%

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.

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Organic growth reflects how clients and prospects respond to a firm’s value proposition, client experience, and strategy.

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Net organic growth</th>
<th>AUM growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>16.6%</td>
<td>20.7%</td>
</tr>
<tr>
<td>2019</td>
<td>9.9%</td>
<td>20.7%</td>
</tr>
<tr>
<td>2020</td>
<td>7.0%</td>
<td>13.7%</td>
</tr>
<tr>
<td>2019</td>
<td>4.9%</td>
<td>13.7%</td>
</tr>
<tr>
<td>2019</td>
<td>12.3%</td>
<td>26.0%</td>
</tr>
<tr>
<td>2020</td>
<td>11.4%</td>
<td>20.1%</td>
</tr>
</tbody>
</table>

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Median results. Past performance is not an indicator of future results. 2021 RIA Benchmarking Study from Charles Schwab, fielded January to March 2021. Study contains self-reported data from 1,340 firms. Participant firms represent various sizes and business models categorized into 7 peer groups by AUM.

2021 RIA Benchmarking Study from Charles Schwab
Strategic and succession plans support firm performance and endurance, helping firms adapt to change.

Firms with written strategic plan

- Firms under $250M: 41%
- Firms over $250M: 63%
- Top Performing Firms: 73%

Firms with written succession plan

- Firms under $250M: 53%
- Firms over $250M: 60%
- Top Performing Firms: 71%

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GUIDING PRINCIPLES FOR ADVISORY FIRM SUCCESS
Client retention remains high, and net assets from existing clients showed a strong uptick in 2020.

Client retention in 2020 for firms across the study

97%

Net assets from existing clients (excluding investment performance) increased in 2020

- Firms under $250M: +23%
- Firms over $250M: +67%
- Top Performing Firms: +78%

Median results. Existing client net flows include assets gained and lost from existing clients. Past performance is not an indicator of future results. 2021 RIA Benchmarking Study from Charles Schwab, fielded January to March 2021. Study contains self-reported data from 1,340 firms. Participant firms represent various sizes and business models categorized into 7 peer groups by AUM.
Existing clients brought more net new assets to RIAs in 2020 than in the past five years.

Median results for all firms with less than $250 million in AUM and firms with $250 million or more in AUM. Past performance is not an indicator of future results. 2021 RIA Benchmarking Study from Charles Schwab, fielded January to March 2021. Study contains self-reported data from 1,340 firms. Participant firms represent various sizes and business models categorized into 7 peer groups by AUM.

2021 RIA Benchmarking Study from Charles Schwab
Documenting an ideal client persona and client value proposition helps RIAs refine their offer and drive referrals.

<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>68%</td>
</tr>
<tr>
<td>Firms over $250M</td>
<td>59%</td>
</tr>
<tr>
<td>Firms under $250M</td>
<td>47%</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>70%</td>
</tr>
<tr>
<td>Firms over $250M</td>
<td>59%</td>
</tr>
<tr>
<td>Firms under $250M</td>
<td>46%</td>
</tr>
</tbody>
</table>

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2021 RIA Benchmarking Study from Charles Schwab
Firms with written marketing plans, ideal client personas, and client value propositions attracted more new clients and assets.

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

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2021 RIA Benchmarking Study from Charles Schwab
Top Performing Firms are more likely to have a documented marketing plan and spend more to execute their plans.

### Firms with a documented marketing plan

<table>
<thead>
<tr>
<th></th>
<th>Top Performing Firms</th>
<th>Firms over $250M</th>
<th>Firms under $250M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing Plan</td>
<td>53%</td>
<td>47%</td>
<td>30%</td>
</tr>
</tbody>
</table>

### Average marketing and business development spend as a percent of revenue

<table>
<thead>
<tr>
<th></th>
<th>Top Performing Firms</th>
<th>Firms over $250M</th>
<th>Firms under $250M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spend (%)</td>
<td>2.1%</td>
<td>1.6%</td>
<td>1.6%</td>
</tr>
</tbody>
</table>

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Top Performing Firms are also more efficient with their business development, requiring less staff time to acquire new clients.

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. 2021 RIA Benchmarking Study from Charles Schwab, fielded January to March 2021. Study contains self-reported data from 1,340 firms. Participant firms represent various sizes and business models categorized into 7 peer groups by AUM.

2021 RIA Benchmarking Study from Charles Schwab
Specialized services have increasingly become part of a firm’s offering.

Firms offering service

<table>
<thead>
<tr>
<th>Service</th>
<th>2016</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax planning and strategy</td>
<td>80%</td>
<td>73%</td>
</tr>
<tr>
<td>Bank deposits</td>
<td>34%</td>
<td>27%</td>
</tr>
<tr>
<td>Estate planning</td>
<td>68%</td>
<td>65%</td>
</tr>
<tr>
<td>Annuity products</td>
<td>29%</td>
<td>36%</td>
</tr>
<tr>
<td>Charitable planning</td>
<td>85%</td>
<td>75%</td>
</tr>
<tr>
<td>Family education</td>
<td>75%</td>
<td>67%</td>
</tr>
</tbody>
</table>

Results from the 2017 and 2021 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. 2021 RIA Benchmarking Study from Charles Schwab, fielded January to March 2021. Study contains self-reported data from 1,340 firms. Participant firms represent various sizes and business models categorized into 7 peer groups by AUM.
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FOR ADVISORY FIRM SUCCESS

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Operational excellence creates greater capacity for clients.
Advisors leveraged opportunities for productivity gains during the pandemic.

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>AUM per professional ($M)</td>
<td>$101</td>
<td>$99</td>
</tr>
<tr>
<td>Clients per professional</td>
<td>57</td>
<td>53</td>
</tr>
<tr>
<td>Annual hours per client for client service</td>
<td>31</td>
<td>34</td>
</tr>
<tr>
<td>Annual hours per client for operations &amp; administration</td>
<td>16</td>
<td>17</td>
</tr>
</tbody>
</table>

Top Performing Firms

Manage 59 clients per professional

Spent **12 hours** per client for operations and administration, 25% less time than firms with over $250 million in AUM.

Results from the 2020 and 2021 RIA Benchmarking Study from Charles Schwab. Median results for all firms with $250 million or more in AUM. Past performance is not an indicator of future results. 2021 RIA Benchmarking Study from Charles Schwab, fielded January to March 2021. Study contains self-reported data from 1,340 firms. Participant firms represent various sizes and business models categorized into 7 peer groups by AUM.
Moving forward, firms anticipate engaging with some clients virtually even when in-person interactions resume.

Percent of clients engaging with staff completely virtually

90% during Q1 2021

50% when COVID-related restrictions are lifted
Technology was essential for client connections and operations during the pandemic.

Firms using technology systems

Technology systems selected as having greatest impact or ROI in 2020

<table>
<thead>
<tr>
<th>Technology System</th>
<th>2016</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portfolio management system</td>
<td>99%</td>
<td>99%</td>
</tr>
<tr>
<td>Client relationship management (CRM) system</td>
<td>92%</td>
<td>96%</td>
</tr>
<tr>
<td>Financial planning system</td>
<td>78%</td>
<td>89%</td>
</tr>
<tr>
<td>Portal to share information with clients</td>
<td>75%</td>
<td>85%</td>
</tr>
<tr>
<td>Trading and rebalancing system</td>
<td>68%</td>
<td>81%</td>
</tr>
<tr>
<td>Document management system</td>
<td>52%</td>
<td>70%</td>
</tr>
</tbody>
</table>

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Leveraging CRM systems can help serve clients more consistently and streamline communications.

**Firms with three or more data sources or systems integrated with CRM**
- Firms under $250M: 31%
- Firms over $250M: 43%
- Top Performing Firms: 44%

**Firms with standardized workflows within CRM for over 50% of tasks**
- Firms under $250M: 32%
- Firms over $250M: 45%
- Top Performing Firms: 54%

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2021 RIA Benchmarking Study from Charles Schwab
Tracking prospecting results and refining tactics helps ensure firms are allocating their marketing resources effectively.

Firms that track metrics to measure progress towards new client growth

<table>
<thead>
<tr>
<th>Source of inquiries</th>
<th>Top Performing Firms</th>
<th>All other firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>General inquiries from prospects</td>
<td>60%</td>
<td>48%</td>
</tr>
<tr>
<td>Qualified leads</td>
<td>57%</td>
<td>41%</td>
</tr>
<tr>
<td>Status of prospects in sales funnel</td>
<td>55%</td>
<td>49%</td>
</tr>
<tr>
<td>Lead conversion rate</td>
<td>42%</td>
<td>27%</td>
</tr>
</tbody>
</table>

Percent of leads closed

| TOP PERFORMING FIRMS | 60% |
| ALL OTHER FIRMS | 53% |

1 Median results for firms that track their lead conversion rate.

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Advisors are taking key steps to strengthen their cybersecurity programs, protecting their clients and firms.

Firms with cybersecurity activity implemented

- Client education: 49%
- Consulting: 60%
- Cybersecurity insurance: 76%
- Employee training: 94%

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2021 RIA Benchmarking Study from Charles Schwab
Profit margins remained robust for firms of all sizes in 2020.

**Standardized operating income margin**
Median results by peer group (AUM)

- $100M–$250M: 27.5%
- $250M–$500M: 28.1%
- $500M–$750M: 33.3%
- $750M–$1B: 27.7%
- $1B–$2.5B: 32.2%
- Over $2.5B: 27.5%

Past performance is not an indicator of future results. 2021 RIA Benchmarking Study from Charles Schwab, fielded January to March 2021. Study contains self-reported data from 1,340 firms. Participant firms represent various sizes and business models categorized into 7 peer groups by AUM.
GUIDING PRINCIPLES FOR ADVISORY FIRM SUCCESS
Despite the challenges of 2020, firms succeeded in achieving their new client growth goals.

68% of all firms in the study met or exceeded their new client growth goals.

81% of Top Performing Firms met or exceeded their new client growth goals.
Firms were successful in maintaining their level of new client assets.

Firms under $250M
Assets from new clients ($M)
In millions

Firms over $250M
Assets from new clients ($M)
In millions

Median results for all firms with less than $250 million in AUM and firms with $250 million or more in AUM. Past performance is not an indicator of future results. 2021 RIA Benchmarking Study from Charles Schwab, fielded January to March 2021. Study contains self-reported data from 1,340 firms. Participant firms represent various sizes and business models categorized into 7 peer groups by AUM.

2021 RIA Benchmarking Study from Charles Schwab
Firms pivoted to virtual business development and tried new tactics to maintain their level of new client assets in 2020.

**Firms using digital tactics for prospecting**

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

<table>
<thead>
<tr>
<th>Tactics</th>
<th>Top Performing Firms</th>
<th>All other firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Website</td>
<td>82%</td>
<td>71%</td>
</tr>
<tr>
<td>Email and email campaigns</td>
<td>71%</td>
<td>58%</td>
</tr>
<tr>
<td>Social media</td>
<td>61%</td>
<td>50%</td>
</tr>
<tr>
<td>Blog</td>
<td>47%</td>
<td>38%</td>
</tr>
<tr>
<td>Webcasts/webinars/seminars</td>
<td>41%</td>
<td>32%</td>
</tr>
<tr>
<td>Online advertising</td>
<td>22%</td>
<td>20%</td>
</tr>
<tr>
<td>Virtual events with clients</td>
<td>14%</td>
<td>13%</td>
</tr>
<tr>
<td>Virtual events with prospects only</td>
<td>10%</td>
<td>7%</td>
</tr>
<tr>
<td>Podcast</td>
<td>7%</td>
<td>5%</td>
</tr>
</tbody>
</table>

Over one-third of all firms implemented these tactics for the first time in 2020.

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. 2021 RIA Benchmarking Study from Charles Schwab, fielded January to March 2021. Study contains self-reported data from 1,340 firms. Participant firms represent various sizes and business models categorized into 7 peer groups by AUM.

2021 RIA Benchmarking Study from Charles Schwab
RIAs had success in generating leads digitally, with nearly 80% of firms converting some prospects completely virtually in 2020.¹

### Percent of firms generating leads from digital tactics²

Over two-thirds of all firms reported generating leads from these tactics

<table>
<thead>
<tr>
<th>Digital Tactics</th>
<th>Percent of Firms Generating Leads</th>
</tr>
</thead>
<tbody>
<tr>
<td>Website</td>
<td>80%</td>
</tr>
<tr>
<td>Email and email campaigns</td>
<td>68%</td>
</tr>
<tr>
<td>Social media</td>
<td>58%</td>
</tr>
<tr>
<td>Blog</td>
<td>54%</td>
</tr>
<tr>
<td>Webcasts/webinars/seminars</td>
<td>67%</td>
</tr>
<tr>
<td>Online advertising</td>
<td>72%</td>
</tr>
<tr>
<td>Virtual events with clients inviting friends</td>
<td>58%</td>
</tr>
<tr>
<td>Podcast</td>
<td>47%</td>
</tr>
<tr>
<td>Virtual events with prospects only</td>
<td>75%</td>
</tr>
</tbody>
</table>

¹ Based on firms that converted one or more prospects into clients completely virtually in 2020.
² Based on firms that track leads and indicated generating one or more leads from tactic.

Results for all firms with $25 million or more in AUM. Past performance is not an indicator of future results. 2021 RIA Benchmarking Study from Charles Schwab, fielded January to March 2021. Study contains self-reported data from 1,340 firms. Participant firms represent various sizes and business models categorized into 7 peer groups by AUM.
With websites serving as the new “front door” during the pandemic, firms optimized them to attract and engage prospects.

**Features firms have implemented to optimize website for lead generation**

- **Search engine optimization**
  - Firms under $250M: 34%
  - Firms over $250M: 48%
  - Top Performing Firms: 52%

- **Content designed for ideal client persona**
  - Firms under $250M: 38%
  - Firms over $250M: 47%
  - Top Performing Firms: 51%

- **Website metrics and analytics**
  - Firms under $250M: 28%
  - Firms over $250M: 47%
  - Top Performing Firms: 51%

- **Lead capture form**
  - Firms under $250M: 33%
  - Firms over $250M: 39%
  - Top Performing Firms: 49%

- **Blog**
  - Firms under $250M: 36%
  - Firms over $250M: 42%
  - Top Performing Firms: 47%

- **Social media buttons**
  - Firms under $250M: 33%
  - Firms over $250M: 40%
  - Top Performing Firms: 46%

- **Video**
  - Firms under $250M: 27%
  - Firms over $250M: 37%
  - Top Performing Firms: 42%

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. 2021 RIA Benchmarking Study from Charles Schwab, fielded January to March 2021. Study contains self-reported data from 1,340 firms. Participant firms represent various sizes and business models categorized into 7 peer groups by AUM.
Looking ahead, advisors anticipate leveraging both virtual and in-person business development strategies.

**Percent of prospects engaging with staff completely virtually**

- **90%**
  - during Q1 2021

- **30%**
  - when COVID-related restrictions are lifted

Median results for all firms with $25 million or more in AUM. Past performance is not an indicator of future results. 2021 RIA Benchmarking Study from Charles Schwab, fielded January to March 2021. Study contains self-reported data from 1,340 firms. Participant firms represent various sizes and business models categorized into 7 peer groups by AUM.

2021 RIA Benchmarking Study from Charles Schwab
Top Performing Firms saw twice the growth in assets from new clients, driven by their marketing and client referrals.

**Asset growth from new clients by source**

- **Top Performing Firms**
  - Other marketing: 3.6%
  - COI/business partner referrals: 1.0%
  - Existing client referrals: 2.8%

- **All other firms**
  - Other marketing: 1.0%
  - COI/business partner referrals: 0.6%
  - Existing client referrals: 2.0%

2.0x more growth

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. 2021 RIA Benchmarking Study from Charles Schwab, fielded January to March 2021. Study contains self-reported data from 1,340 firms. Participant firms represent various sizes and business models categorized into 7 peer groups by AUM.
The 5-year net organic CAGR for Top Performing Firms indicates successful long-term strategies.

<table>
<thead>
<tr>
<th>Top Performing Firms</th>
<th>All other firms</th>
<th>Multiple</th>
</tr>
</thead>
<tbody>
<tr>
<td>5-year net organic assets CAGR</td>
<td>13.9%</td>
<td>4.7%</td>
</tr>
<tr>
<td>5-year revenue CAGR</td>
<td>14.7%</td>
<td>7.0%</td>
</tr>
<tr>
<td>Net asset flows in 2020</td>
<td>$25 million</td>
<td>$12 million</td>
</tr>
<tr>
<td>Number of new clients in 2020</td>
<td>22</td>
<td>14</td>
</tr>
<tr>
<td>Assets from new clients in 2020</td>
<td>$19 million</td>
<td>$11 million</td>
</tr>
<tr>
<td>New revenue per professional in 2020</td>
<td>$50,000</td>
<td>$32,000</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. 2021 RIA Benchmarking Study from Charles Schwab, fielded January to March 2021. Study contains self-reported data from 1,340 firms. Participant firms represent various sizes and business models categorized into 7 peer groups by AUM.
Referrals account for a majority of new clients, yet fewer than half of firms document referral plans.

### Firms with a documented referral plan for existing clients

- **Top Performing Firms**: 45%
- **Firms over $250M**: 39%
- **Firms under $250M**: 28%

### Firms with a documented referral plan for business partners

- **Top Performing Firms**: 32%
- **Firms over $250M**: 30%
- **Firms under $250M**: 16%

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. 2021 RIA Benchmarking Study from Charles Schwab, fielded January to March 2021. Study contains self-reported data from 1,340 firms. Participant firms represent various sizes and business models categorized into 7 peer groups by AUM.

2021 RIA Benchmarking Study from Charles Schwab
Firms with referral plans achieved stronger results from those channels in 2020 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><strong>9%</strong></td>
<td><strong>2x</strong></td>
</tr>
<tr>
<td>more new clients generated from existing client referrals</td>
<td>more new clients generated from business partner referrals</td>
</tr>
<tr>
<td><strong>16%</strong></td>
<td><strong>4x</strong></td>
</tr>
<tr>
<td>more assets from new clients generated from existing client referrals</td>
<td>more assets from new clients 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. 2021 RIA Benchmarking Study from Charles Schwab, fielded January to March 2021. Study contains self-reported data from 1,340 firms. Participant firms represent various sizes and business models categorized into 7 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
Having an employee value proposition is critical, as a majority of firms hired in 2020 and are looking to add staff this year.

**Firms that hired in 2020**

- Median firm hired 2 new staff in 2020

**Firms that planned to hire in 2021**

- Median 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. 2021 RIA Benchmarking Study from Charles Schwab, fielded January to March 2021. Study contains self-reported data from 1,340 firms. Participant firms represent various sizes and business models categorized into 7 peer groups by AUM.

**Recruitment channels in 2020**

- Personal or professional networks: 49%
- RIAs: 30%
- Colleges and universities: 27%
- Non-financial professional services firm: 18%
- Bank or trust: 13%
- Wirehouse: 10%
- IBD: 9%
Firms are looking forward to having staff together post-COVID to help foster a strong workplace culture.

Percent of staff spending at least 4 days a week in the office

34% during Q1 2021

80% when COVID-related restrictions are lifted

Median results for all firms with $25 million or more in AUM. Past performance is not an indicator of future results. 2021 RIA Benchmarking Study from Charles Schwab, fielded January to March 2021. Study contains self-reported data from 1,340 firms. Participant firms represent various sizes and business models categorized into 7 peer groups by AUM.
Investments in staff help team members feel connected and appreciated—especially important during uncertain times.

Median spend per professional staff on training, education, and professional dues

FIRMS UNDER $250M
$1,250

FIRMS OVER $250M
$1,717

Median results include only those firms investing in training, education, and professional dues for staff. Past performance is not an indicator of future results. 2021 RIA Benchmarking Study from Charles Schwab, fielded January to March 2021. Study contains self-reported data from 1,340 firms. Participant firms represent various sizes and business models categorized into 7 peer groups by AUM.
Providing career paths supports staff development and can increase satisfaction and build bench strength.

**Client Service Career Path**

Firms with staff in at least 2 of the 3 roles:

- Client Service Associate
- Client Account Manager/Relationship Manager
- Senior Client Account Manager/Relationship Manager

Firms with staff in at least 2 of the 3 client service roles (Client Service Associate, Client Account Manager/Relationship Manager, Senior Client Account Manager/Relationship Manager) listed in the Compensation section of the RIA Benchmarking Study from Charles Schwab.

Past performance is not an indicator of future results. 2021 RIA Benchmarking Study from Charles Schwab, fielded January to March 2021. Study contains self-reported data from 1,340 firms for the main study and 1,036 firms for the compensation section.
Appendix

Advisor Services
Methodology

- Schwab designed the RIA Benchmarking Study to capture insights in the RIA industry based on study responses from individual firms.
- 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.
- Fielded from January and March 2021, the study contains self-reported data from 1,340 firms that custody their assets with Schwab Advisor Services or TD Ameritrade and represent over $1.5 trillion in AUM, making this the leading study in the RIA industry. This self-reported information was not independently verified.
- Since the inception of the study in 2006, more than 4,100 firms have participated, with many repeat participants.
- Participant firms represent various sizes and business models. They are categorized into seven peer groups by AUM size.
- Unless otherwise noted, study results are for all firms with $25 million or more in AUM, representing the vast majority of total assets managed by this year's participants.
- 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.
- Net organic growth is the change in assets from existing clients, new clients, and assets lost to client attrition before investment performance is taken into account, and it excludes the growth from acquisitions, divestitures, and advisors joining or leaving a firm with assets.
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
- 2020 AUM growth rate from new client assets
- 2020 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. 2021 RIA Benchmarking Study from Charles Schwab, fielded January to March 2021. Study contains self-reported data from 1,340 firms. Participant firms represent various sizes and business models categorized into 7 peer groups by AUM.
### Peer Groups

<table>
<thead>
<tr>
<th>Metrics (median)</th>
<th>Firms under $250M</th>
<th>Firms over $250M</th>
<th>$100M-$250M</th>
<th>$250M-$500M</th>
<th>$500M-$750M</th>
<th>$750M-$1B</th>
<th>$1B-$2.5B</th>
<th>Over $2.5B</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020 ending AUM ($M)</td>
<td>$138</td>
<td>$729</td>
<td>$175</td>
<td>$350</td>
<td>$621</td>
<td>$864</td>
<td>$1,492</td>
<td>$4,263</td>
</tr>
<tr>
<td>5-year AUM CAGR$^1$</td>
<td>13.4%</td>
<td>12.3%</td>
<td>12.6%</td>
<td>12.5%</td>
<td>12.0%</td>
<td>10.2%</td>
<td>12.8%</td>
<td>12.8%</td>
</tr>
<tr>
<td>2020 organic growth$^2$ ($M)</td>
<td>$7</td>
<td>$26</td>
<td>$9</td>
<td>$18</td>
<td>$28</td>
<td>$23</td>
<td>$50</td>
<td>$148</td>
</tr>
<tr>
<td>5-year organic growth$^2$ CAGR$^1$</td>
<td>8.0%</td>
<td>5.6%</td>
<td>7.5%</td>
<td>6.5%</td>
<td>5.4%</td>
<td>3.4%</td>
<td>5.4%</td>
<td>5.1%</td>
</tr>
<tr>
<td>2020 revenues ($K)</td>
<td>$880</td>
<td>$4,008</td>
<td>$1,135</td>
<td>$2,130</td>
<td>$3,414</td>
<td>$4,832</td>
<td>$7,849</td>
<td>$22,397</td>
</tr>
<tr>
<td>5-year revenue CAGR$^1$</td>
<td>10.0%</td>
<td>7.5%</td>
<td>8.8%</td>
<td>8.1%</td>
<td>7.5%</td>
<td>6.3%</td>
<td>7.9%</td>
<td>7.1%</td>
</tr>
<tr>
<td>2020 ending number of clients</td>
<td>135</td>
<td>409</td>
<td>161</td>
<td>255</td>
<td>344</td>
<td>440</td>
<td>722</td>
<td>1,449</td>
</tr>
<tr>
<td>5-year client CAGR$^1$</td>
<td>5.4%</td>
<td>5.1%</td>
<td>4.6%</td>
<td>5.5%</td>
<td>6.1%</td>
<td>4.1%</td>
<td>5.0%</td>
<td>4.5%</td>
</tr>
<tr>
<td>Average assets per client ($M)</td>
<td>$1.04</td>
<td>$1.92</td>
<td>$1.16</td>
<td>$1.60</td>
<td>$1.93</td>
<td>$2.39</td>
<td>$2.96</td>
<td>$4.68</td>
</tr>
<tr>
<td>Standardized operating margin</td>
<td>26.0%</td>
<td>29.8%</td>
<td>27.5%</td>
<td>28.1%</td>
<td>33.3%</td>
<td>27.7%</td>
<td>32.2%</td>
<td>27.5%</td>
</tr>
<tr>
<td>Total staff</td>
<td>4</td>
<td>12</td>
<td>4</td>
<td>7</td>
<td>10</td>
<td>14</td>
<td>19</td>
<td>56</td>
</tr>
</tbody>
</table>

1 Median compound annual growth rate (CAGR) over the five-year period from year-end 2015 through 2020.

2 Organic growth is the change in a firm’s assets from new, existing, and lost clients before investment performance is taken into account, and it excludes the growth from acquisitions or divestitures and from advisors joining or leaving.

Median results by peer group (AUM) unless otherwise noted. Past performance is not an indicator of future results. 2021 RIA Benchmarking Study from Charles Schwab, fielded January to March 2021. Study contains self-reported data from 1,340 firms. Participant firms represent various sizes and business models categorized into 7 peer groups by AUM.