2022 RIA Benchmarking Study
July 2022

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“People sit at the very center of the RIA value proposition and firm leaders are putting talent squarely at the top of the strategic agenda because they realize it is crucial to their success.

Whether it is the ability to continue to serve existing clients well, or to expand their firms, recruiting and retaining the best people is driving firms to be increasingly intentional about how to differentiate themselves not just as advisors, but as employers of choice.”

Lisa Salvi
Managing Director
Business Consulting & Education

Schwab’s RIA Benchmarking Study is the leading study in the industry —1,218 advisory firms, representing $1.8 trillion in AUM, participated this year.

The following 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.
2022 Study Highlights

Exceptional growth and business performance makes talent a top strategic priority for ongoing success

Firms of all sizes built on learnings and experiences during the last two years which helped drive tremendous growth in 2021
- AUM increased 19.5% from the prior year, revenue was up 23.2%, and the number of clients was up 6.2% for all firms, at the median (slide 6).
- For all peer groups, asset growth rates last year were higher than the 5-year compound annual growth rates over the period 2017 through 2021 (slide 7).
- Organic growth, which excludes market performance, played a pivotal role, reaching its highest point in five years (slide 11).
  - Driving organic growth were increases in assets from new clients and assets from existing clients, both of which also reached 5-year highs (slides 17 and 32).
- Having intentional and documented strategies helped firms achieve strong client acquisition results.
  - Firms with written marketing plans, ideal client personas, and client value propositions attracted more new clients than firms that didn’t have all three in place (slide 19).
  - Firms with written referral plans gained more new clients from those channels than firms without referral plans (slide 36).

Talent is the top strategic priority for RIAs as they continue to serve existing clients and hire to support firm growth
- For the first time in the study’s history, recruiting staff to increase the firm’s skill set and capacity ranked as the top strategic priority, ahead of acquiring new clients through client referrals (slide 10).
- Based on current growth rates and the number of RIAs, the industry will need to hire more than 70,000 new staff over the next five years without accounting for attrition, retirements or new firms (slide 39).
- Nearly 40% of firms in the study have a documented employee value proposition (EVP), a key differentiator in the competition for talent. An EVP explains what a firm offers its employees in return for the skills, capabilities, and experiences they bring (slide 41).
- More than two-thirds of all firms reported offering clearly defined career paths and/or career progression opportunities which can improve engagement and performance (slide 44).

Firms are leveraging digitization to create scale and efficiencies
- Improving productivity using process changes is a top 5 strategic priority as firms are looking at ways to capitalize on digital workflows (slide 10).
- Over half of firms increased their use of digital processes and workflows in 2021 (slide 27).
- Firms that have a greater adoption of digital workflows saw a 12.5% decrease in annual hours spent per client on operations (slide 28).
  - Top Performing Firms more often are leveraging standardized workflows and digital tools and spent nearly 20% less time annually per client on operations (slide 28).
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 excellent 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
- 2021 AUM growth rate from new client assets
- 2021 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. 2022 RIA Benchmarking Study from Charles Schwab, fielded January to March 2022. Study contains self-reported data from 1,218 firms. Participant firms represent various sizes and business models categorized into 7 peer groups by AUM.
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2022 RIA Benchmarking Study from Charles Schwab
RIA firms saw tremendous growth, despite a challenging environment.

**Assets under management**

<table>
<thead>
<tr>
<th>Year</th>
<th>Value (in millions)</th>
<th>CAGR 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$215</td>
<td>+14.1%</td>
</tr>
<tr>
<td>2021</td>
<td>$545</td>
<td>+19.5%</td>
</tr>
<tr>
<td>2026</td>
<td>$1,907</td>
<td>+23.2%</td>
</tr>
</tbody>
</table>

**Revenue**

<table>
<thead>
<tr>
<th>Year</th>
<th>Value (in thousands)</th>
<th>CAGR 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$1,907</td>
<td>+11.3%</td>
</tr>
<tr>
<td>2021</td>
<td>$3,211</td>
<td>+23.2%</td>
</tr>
<tr>
<td>2026</td>
<td>$545</td>
<td>+6.2%</td>
</tr>
</tbody>
</table>

**Clients**

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>239</td>
</tr>
<tr>
<td>2021</td>
<td>307</td>
</tr>
<tr>
<td>2026</td>
<td>307</td>
</tr>
</tbody>
</table>

1. Median 5-year compound annual growth rate (CAGR) over the period from year-end 2016 through 2021 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. 2022 RIA Benchmarking Study from Charles Schwab, fielded January to March 2022. Study contains self-reported data from 1,218 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)

<table>
<thead>
<tr>
<th>Peer Group</th>
<th>2016 (year-end)</th>
<th>2021 (year-end)</th>
<th>2016-2021 CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100M–$250M</td>
<td>$87</td>
<td>$176</td>
<td>+14.1%</td>
</tr>
<tr>
<td>$250M–$500M</td>
<td>$184</td>
<td>$357</td>
<td>+14.8%</td>
</tr>
<tr>
<td>$500M–$750M</td>
<td>$303</td>
<td>$606</td>
<td>+19.7%</td>
</tr>
<tr>
<td>$750M–$1B</td>
<td>$457</td>
<td>$858</td>
<td>+20.0%</td>
</tr>
<tr>
<td>$1B–$2.5B</td>
<td>$767</td>
<td>$1,436</td>
<td>+13.8%</td>
</tr>
<tr>
<td>Over $2.5B</td>
<td>$2,301</td>
<td>$4,405</td>
<td>+20.5%</td>
</tr>
</tbody>
</table>

1 Median 5-year AUM compound annual growth rate (CAGR) over the period from year-end 2016 through 2021. Past performance is not an indicator of future results. 2022 RIA Benchmarking Study from Charles Schwab, fielded January to March 2022. Study contains self-reported data from 1,218 firms. Participant firms represent various sizes and business models categorized into 7 peer groups by AUM.
Strong client acquisition coupled with the previous year’s AUM performance drove strong revenue growth in 2021.

Revenue
In thousands
Median results by peer group

<table>
<thead>
<tr>
<th>Peer Group</th>
<th>2016 (year-end)</th>
<th>2021 (year-end)</th>
<th>CAGR in 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100M–$250M</td>
<td>$690</td>
<td>$1,202</td>
<td>+23.4%</td>
</tr>
<tr>
<td>$250M–$500M</td>
<td>$1,227</td>
<td>$2,323</td>
<td>+23.6%</td>
</tr>
<tr>
<td>$500M–$750M</td>
<td>$1,930</td>
<td>$3,581</td>
<td>+24.2%</td>
</tr>
<tr>
<td>$750M–$1B</td>
<td>$2,732</td>
<td>$4,766</td>
<td>+22.3%</td>
</tr>
<tr>
<td>$1B–$2.5B</td>
<td>$4,539</td>
<td>$8,340</td>
<td>+22.3%</td>
</tr>
<tr>
<td>Over $2.5B</td>
<td>$11,942</td>
<td>$22,190</td>
<td>+10.8%</td>
</tr>
</tbody>
</table>

1 Median 5-year revenue compound annual growth rate (CAGR) over the period from year-end 2016 through 2021. Past performance is not an indicator of future results. 2022 RIA Benchmarking Study from Charles Schwab, fielded January to March 2022. Study contains self-reported data from 1,218 firms. Participant firms represent various sizes and business models categorized into 7 peer groups by AUM.
Top Performing Firms demonstrate more robust AUM growth than all other firms.

Median AUM Growth

- **Top Performing Firms**
  - 2017: 26.9%
  - 2018: 16.6%
  - 2019: 7.7%
  - 2020: -1.9%
  - 2021: 18.8%

- **All other firms**
  - 2017: 17.8%
  - 2018: 7.7%
  - 2019: 18.8%
  - 2020: 13.1%
  - 2021: 17.8%

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. 2022 RIA Benchmarking Study from Charles Schwab, fielded January to March 2022. Study contains self-reported data from 1,218 firms. Participant firms represent various sizes and business models categorized into 7 peer groups by AUM.
Advisors continue to prioritize client acquisition, with recruiting new staff ranking as top priority for the first time in study’s tenure.

### Top strategic initiatives

<table>
<thead>
<tr>
<th>Initiative</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recruit staff to increase firm's skill set/capacity</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Acquire new clients through client referrals</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Acquire new clients through business referrals</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Enhance strategic planning and execution</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Improve productivity using process changes</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>Acquire new clients through digital channels</td>
<td>6</td>
<td>5</td>
</tr>
</tbody>
</table>

Results for all firms with $250 million or more in AUM that selected initiative as a top 3 priority. 2022 RIA Benchmarking Study from Charles Schwab, fielded January to March 2022. Study contains self-reported data from 1,218 firms. Participant firms represent various sizes and business models categorized into 7 peer groups by AUM.
Organic growth reached a five-year high as clients and prospects are drawn to firms’ value propositions.

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Some RIAs have pursued inorganic strategies to bolster growth.

21% of firms have engaged in M&A in the past 5 years.

27% of firms have had an advisor with a book of business join in the past 5 years.

IN 2021

6% of firms acquired new clients via mergers and acquisitions.

Median number of clients acquired was 133 and median assets of $100M.

IN 2021

11% of firms acquired new clients by bringing on an advisor with assets.

Median number of clients acquired was 29 and median assets of $35M.
Across the study, nearly half of all firms are seeking inorganic growth opportunities.

Firms actively seeking to buy another RIA
- Firms over $250M: 25%
- Firms over $1B: 35%

Firms actively seeking to bring on an advisor with a book of business
- Firms over $250M: 44%
- Firms over $1B: 53%

Firms actively seeking to bring on a principal with transferrable assets
- Firms over $250M: 18%
- Firms over $1B: 26%
Strategic and succession plans support firm performance and endurance, helping firms adapt to change.

Firms with written strategic plans

- Firms under $250M: 42%
- Firms over $250M: 66%
- Top Performing Firms: 82%

Firms with written succession plans

- Firms under $250M: 55%
- Firms over $250M: 65%
- Top Performing Firms: 80%

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Operational excellence creates greater capacity for clients
Client retention remains consistently high, a testament to the RIA industry.
Existing clients brought more new assets to RIAs in 2021 than in the past five years.

Assets from existing clients (excluding investment performance)

In millions

Median results. 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. 2022 RIA Benchmarking Study from Charles Schwab, fielded January to March 2022. Study contains self-reported data from 1,218 firms. Participant firms represent various sizes and business models categorized into 7 peer groups by AUM.

Firms under $250M

- 2017: $1.8
- 2018: $1.0
- 2019: $1.8
- 2020: $2.0
- 2021: $2.7

+35% in 2021

Firms over $250M

- 2017: $5.8
- 2018: $3.0
- 2019: $5.0
- 2020: $7.0
- 2021: $15.0

+114% in 2021

Top Performing Firms

- 2017: $4.4
- 2018: $3.0
- 2019: $4.5
- 2020: $5.0
- 2021: $15.8

+216% in 2021
Documenting an ideal client persona and client value proposition helps RIAs refine their offer and drive referrals.

**Firms with a documented ideal client persona/profile (ICP)**

- **Top Performing Firms**: 74%
- **Firms over $250M**: 64%
- **Firms under $250M**: 53%

**Firms with a documented client value proposition (CVP)**

- **Top Performing Firms**: 73%
- **Firms over $250M**: 62%
- **Firms under $250M**: 45%

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Firms with written marketing plans, ideal client personas, and client value propositions attracted more new clients and assets.

- **42%** More new clients in 2021
- **45%** More new client assets in 2021

Median results for all firms with $250 million or more in AUM. Past performance is not an indicator of future results. 2022 RIA Benchmarking Study from Charles Schwab, fielded January to March 2022. Study contains self-reported data from 1,218 firms. Participant firms represent various sizes and business models categorized into 7 peer groups by AUM.
Top Performing Firms are more likely to have a documented marketing plan and spend more to execute their plans.

<table>
<thead>
<tr>
<th>Firms with a documented marketing plan</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Top Performing Firms</strong></td>
<td>56%</td>
</tr>
<tr>
<td><strong>Firms over $250M</strong></td>
<td>42%</td>
</tr>
<tr>
<td><strong>Firms under $250M</strong></td>
<td>27%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Average marketing and business development spend as a percent of revenue</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Top Performing Firms</strong></td>
<td>2.3%</td>
</tr>
<tr>
<td><strong>Firms over $250M</strong></td>
<td>1.5%</td>
</tr>
<tr>
<td><strong>Firms under $250M</strong></td>
<td>1.8%</td>
</tr>
</tbody>
</table>

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

- **Average annual hours spent to acquire a new client**
  - Top Performing Firms: 53
  - All other firms: 66

- **Cost of staff time per new client**
  - Top Performing Firms: $3,704
  - All other firms: $4,160

- **Cost of staff time per new $1 million in assets**
  - Top Performing Firms: $2,307
  - All other firms: $3,169

Median results, unless otherwise noted, 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. 2022 RIA Benchmarking Study from Charles Schwab, fielded January to March 2022. Study contains self-reported data from 1,218 firms. Participant firms represent various sizes and business models categorized into 7 peer groups by AUM.
Firms are offering specialized services to address ideal client needs, usually including them in the asset management fee.

- Charitable planning: 85%
- Tax planning & strategy: 81%
- Family education: 75%
- Estate planning: 68%
- Lifestyle management: 34%
- Bank deposits: 33%
- Trustee services: 17%

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The leap in digital adoption during the pandemic led to productivity gains.

- **AUM per professional ($M)**
  - 2021: $112
  - 2020: $101
  - 2019: $99

- **Clients per professional**
  - 2021: 59
  - 2020: 57
  - 2019: 53

- **Annual hours per client for client service**
  - 2021: 31
  - 2020: 31
  - 2019: 34

- **Annual hours per client for operations & administration**
  - 2021: 16
  - 2020: 16
  - 2019: 17

Results from the 2020, 2021, and 2022 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. 2022 RIA Benchmarking Study from Charles Schwab, fielded January to March 2022. Study contains self-reported data from 1,218 firms. Participant firms represent various sizes and business models categorized into 7 peer groups by AUM.
Technology is essential for client connections and operations, especially for remote work.

<table>
<thead>
<tr>
<th>Technology System</th>
<th>2019</th>
<th>2021</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>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>83%</td>
</tr>
<tr>
<td>Document management system</td>
<td>61%</td>
<td>74%</td>
</tr>
</tbody>
</table>
Leveraging CRM systems can help serve clients more consistently and streamline communications.

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

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Firms under $250M</td>
<td>26%</td>
<td>29%</td>
</tr>
<tr>
<td>Firms over $250M</td>
<td>38%</td>
<td>44%</td>
</tr>
<tr>
<td>Top Performing Firms</td>
<td>37%</td>
<td>47%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Firms under $250M</td>
<td>32%</td>
<td>33%</td>
</tr>
<tr>
<td>Firms over $250M</td>
<td>42%</td>
<td>50%</td>
</tr>
<tr>
<td>Top Performing Firms</td>
<td>48%</td>
<td>57%</td>
</tr>
</tbody>
</table>

Results from the 2020 and 2022 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. 2022 RIA Benchmarking Study from Charles Schwab, fielded January to March 2022. Study contains self-reported data from 1,218 firms. Participant firms represent various sizes and business models categorized into 7 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></th>
<th>Top Performing Firms</th>
<th>All other firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Virtual meetings</td>
<td>99%</td>
<td>96%</td>
</tr>
<tr>
<td>Electronic signature for custodian forms</td>
<td>96%</td>
<td>92%</td>
</tr>
<tr>
<td>Electronic signature for firm-specific forms</td>
<td>92%</td>
<td>78%</td>
</tr>
<tr>
<td>Move money</td>
<td>90%</td>
<td>84%</td>
</tr>
<tr>
<td>Digital forms</td>
<td>90%</td>
<td>82%</td>
</tr>
<tr>
<td>Screen sharing/co-browsing</td>
<td>85%</td>
<td>75%</td>
</tr>
<tr>
<td>Online platform for clients</td>
<td>62%</td>
<td>53%</td>
</tr>
<tr>
<td>Online meeting scheduler</td>
<td>54%</td>
<td>38%</td>
</tr>
<tr>
<td>Text</td>
<td>37%</td>
<td>26%</td>
</tr>
</tbody>
</table>

Over half of firms increased their usage of digital workflows in 2021.1

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. 2022 RIA Benchmarking Study from Charles Schwab, fielded January to March 2022. Study contains self-reported data from 1,218 firms. Participant firms represent various sizes and business models categorized into 7 peer groups by AUM.
Operationally excellent firms spend less time on operations, leading to increased productivity.

**Annual hours per client for operations & administration**

- **Top Performing Firms**: 13
- **Firms over $250M with greater adoption of digital workflows**: 14
- **All firms over $250M**: 16

**Total cost of staff time per client**

- **Top Performing Firms**: $4,010
- **Firms over $250M with greater adoption of digital workflows**: $4,380
- **All firms over $250M**: $4,790

1 Firms that have implemented more digital processes and workflows than the median firm 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. Median results. Past performance is not an indicator of future results. 2022 RIA Benchmarking Study from Charles Schwab, fielded January to March 2022. Study contains self-reported data from 1,118 firms. Participant firms represent various sizes and business models categorized into 7 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

<table>
<thead>
<tr>
<th>Activity</th>
<th>Top Performing Firms</th>
<th>All other firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Account opening</td>
<td>94%</td>
<td>88%</td>
</tr>
<tr>
<td>Account funding</td>
<td>87%</td>
<td>83%</td>
</tr>
<tr>
<td>General notices</td>
<td>82%</td>
<td>72%</td>
</tr>
<tr>
<td>Client agreement and welcome letter</td>
<td>80%</td>
<td>67%</td>
</tr>
<tr>
<td>Financial planning</td>
<td>72%</td>
<td>58%</td>
</tr>
<tr>
<td>Client data collection</td>
<td>71%</td>
<td>55%</td>
</tr>
<tr>
<td>Investment allocation</td>
<td>65%</td>
<td>49%</td>
</tr>
<tr>
<td>Technical workflow support for clients</td>
<td>30%</td>
<td>22%</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. 2022 RIA Benchmarking Study from Charles Schwab, fielded January to March 2022. Study contains self-reported data from 1,218 firms. Participant firms represent various sizes and business models categorized into 7 peer groups by AUM.
Advisors are strengthening their cybersecurity programs to protect their clients and firms.

Firms with cybersecurity activity implemented:

- Employee training: 94%
- Cybersecurity insurance: 83%
- Cybersecurity consulting: 64%
- Client education: 51%

Results for all firms with $250 million or more in AUM. Past performance is not an indicator of future results. 2022 RIA Benchmarking Study from Charles Schwab, fielded January to March 2022. Study contains self-reported data from 1,218 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
Firms continued their culture of growth in 2021, using a variety of tactics to drive new client acquisition.

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. 2022 RIA Benchmarking Study from Charles Schwab, fielded January to March 2022. Study contains self-reported data from 1,218 firms. Participant firms represent various sizes and business models categorized into 7 peer groups by AUM.
Top Performing Firms saw 2.5x the growth in assets from new clients, driven by their marketing and client referrals.

### Asset growth from new clients by source

<table>
<thead>
<tr>
<th>Source</th>
<th>Top Performing Firms</th>
<th>All other firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other marketing</td>
<td>4.1%</td>
<td>1.2%</td>
</tr>
<tr>
<td>COI/business partner referrals</td>
<td>1.4%</td>
<td>0.6%</td>
</tr>
<tr>
<td>Existing client referrals</td>
<td>4.9%</td>
<td>2.4%</td>
</tr>
</tbody>
</table>

#### More growth

- Top Performing Firms: 10.4%
- All other firms: 4.2%

### Results

- 2022 RIA Benchmarking Study from Charles Schwab, fielded January to March 2022. Study contains self-reported data from 1,218 firms. Participant firms represent various sizes and business models categorized into 7 peer groups by AUM.
- Past performance is not an indicator of future results.

---

Brand

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2022 RIA Benchmarking Study from Charles Schwab
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>15.3%</td>
<td>4.9%</td>
<td>3.1x</td>
</tr>
<tr>
<td>5-year revenue CAGR</td>
<td>20.1%</td>
<td>10.2%</td>
<td>2.0x</td>
</tr>
<tr>
<td>5-year client CAGR</td>
<td>10.9%</td>
<td>4.0%</td>
<td>2.7x</td>
</tr>
<tr>
<td>Number of new clients in 2021</td>
<td>28</td>
<td>17</td>
<td>1.6x</td>
</tr>
<tr>
<td>Assets from new clients in 2021</td>
<td>$36.6 million</td>
<td>$15.0 million</td>
<td>2.4x</td>
</tr>
<tr>
<td>New revenue per professional in 2021</td>
<td>$80,000</td>
<td>$46,000</td>
<td>1.7x</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. 2022 RIA Benchmarking Study from Charles Schwab, fielded January to March 2022. Study contains self-reported data from 1,218 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: 44%
- Firms over $250M: 33%
- Firms under $250M: 24%

Firms with a documented referral plan for business partners

- Top Performing Firms: 33%
- Firms over $250M: 24%
- Firms under $250M: 11%

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. 2022 RIA Benchmarking Study from Charles Schwab, fielded January to March 2022. Study contains self-reported data from 1,218 firms. Participant firms represent various sizes and business models categorized into 7 peer groups by AUM.
Firms with referral plans achieved stronger results from those channels in 2021 than firms without referral plans.

<table>
<thead>
<tr>
<th></th>
<th>Firms with existing client referral plans</th>
<th>Firms with business partner referral plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.5x more new clients</td>
<td>generated from existing client referrals</td>
<td>2.5x more new clients generated from business partner referrals</td>
</tr>
<tr>
<td>1.6x more new client assets</td>
<td>generated from existing client referrals</td>
<td>6.2x 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. 2022 RIA Benchmarking Study from Charles Schwab, fielded January to March 2022. Study contains self-reported data from 1,218 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.
Recruiting staff ranked as the top priority for the first time in the 2022 study.

Firms that hired in 2021

Median firm hired \textbf{3 staff} in 2021.

\textbf{2 of these staff} were for \textbf{new positions} at the firm.

\textbf{1 in 3 firms} recruited from RIAs Colleges / universities
Adding talent continues to be a focus for most firms.

Firms that plan to hire in 2022

80%

Median firm will need to hire 6 new roles over next five years.

Based on current growth rates and the number of RIAs, the industry will need to hire more than 70,000 new staff over the next five years, without accounting for any attrition, retirements, or new firms.
Documenting the talent strategy helps align the entire firm around the plan and can help firms pivot to address market changes.

<table>
<thead>
<tr>
<th>Firms with documented talent strategy processes</th>
<th>Top Performing Firms</th>
<th>All other firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sourcing, hiring, and onboarding</td>
<td>56%</td>
<td>42%</td>
</tr>
<tr>
<td>Training and development</td>
<td>60%</td>
<td>39%</td>
</tr>
<tr>
<td>Compensation, incentives, and benefits</td>
<td>69%</td>
<td>52%</td>
</tr>
<tr>
<td>Performance management</td>
<td>61%</td>
<td>48%</td>
</tr>
<tr>
<td>Diversity, equity, and inclusion</td>
<td>20%</td>
<td>15%</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. 2022 RIA Benchmarking Study from Charles Schwab, fielded January to March 2022. Study contains self-reported data from 1,218 firms. Participant firms represent various sizes and business models categorized into 7 peer groups by AUM.
Having 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.

<table>
<thead>
<tr>
<th>Firms under $250M</th>
<th>Firms over $250M</th>
<th>Top Performing Firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>23%</td>
<td>44%</td>
<td>55%</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. 2022 RIA Benchmarking Study from Charles Schwab, fielded January to March 2022. Study contains self-reported data from 1,218 firms. Participant firms represent various sizes and business models categorized into 7 peer groups by AUM.
While the median firm includes 7 elements to support their EVP, the median Top Performing Firm includes 8.

Elements firms include in their employee value proposition

<table>
<thead>
<tr>
<th>Element</th>
<th>Top Performing Firms</th>
<th>All other firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compelling work setting</td>
<td>85%</td>
<td>74%</td>
</tr>
<tr>
<td>Financial rewards beyond base salary</td>
<td>85%</td>
<td>77%</td>
</tr>
<tr>
<td>Emphasis on teamwork, recognition, and connections</td>
<td>83%</td>
<td>72%</td>
</tr>
<tr>
<td>Career path/progression opportunities</td>
<td>82%</td>
<td>64%</td>
</tr>
<tr>
<td>Defined mission statement, culture, and values</td>
<td>79%</td>
<td>61%</td>
</tr>
<tr>
<td>Nontraditional employee benefits</td>
<td>61%</td>
<td>49%</td>
</tr>
<tr>
<td>Commitment to an inclusive workplace</td>
<td>60%</td>
<td>50%</td>
</tr>
<tr>
<td>Equity ownership opportunities</td>
<td>45%</td>
<td>36%</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. 2022 RIA Benchmarking Study from Charles Schwab, fielded January to March 2022. Study contains self-reported data from 1,218 firms. Participant firms represent various sizes and business models categorized into 7 peer groups by AUM.
Compensation packages that include more than base salary help align staff with firm goals.

Base salary as a percent of total cash compensation\(^1\) in 2021 across all roles

- 77%

Base salary as a percent of total cash compensation\(^1\) in 2021 by role type\(^2\)

<table>
<thead>
<tr>
<th>Role Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue Roles</td>
<td>69%</td>
</tr>
<tr>
<td>Non-Revenue Roles</td>
<td>87%</td>
</tr>
</tbody>
</table>

1. Total cash compensation includes base salary, performance-based incentive pay, compensation tied to revenue generation, and owner profit distributions.
2. Role types exclude Executive Management roles.

Past performance is not an indicator of future results. 2022 RIA Benchmarking Study from Charles Schwab, fielded January to March 2022. Study contains self-reported data from 1,218 firms for the main study and 971 firms for the compensation section.
Providing career path and progression opportunities can incentivize staff and improve engagement and performance.

Firms with defined career paths and/or career progression opportunities

1 Results for all firms with $25 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. 2022 RIA Benchmarking Study from Charles Schwab, fielded January to March 2022. Study contains self-reported data from 1,218 firms. Participant firms represent various sizes and business models categorized into 7 peer groups by AUM.
Top Performing Firms more often provide professional development to support career advancement opportunities.

### Firms offering professional development support

<table>
<thead>
<tr>
<th>Professional Development Support</th>
<th>Top Performing Firms</th>
<th>All other firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff training and skill development</td>
<td>80%</td>
<td>60%</td>
</tr>
<tr>
<td>Industry events and conferences</td>
<td>73%</td>
<td>56%</td>
</tr>
<tr>
<td>Performance reviews</td>
<td>71%</td>
<td>51%</td>
</tr>
<tr>
<td>Mentoring and coaching for staff</td>
<td>63%</td>
<td>45%</td>
</tr>
<tr>
<td>Defined steps to advancement</td>
<td>57%</td>
<td>37%</td>
</tr>
<tr>
<td>Stretch assignments</td>
<td>57%</td>
<td>37%</td>
</tr>
<tr>
<td>Shadowing opportunities</td>
<td>51%</td>
<td>37%</td>
</tr>
</tbody>
</table>

### TALENT

- **Staff training and skill development**: 80% for Top Performing Firms vs. 60% for all other firms.
- **Industry events and conferences**: 73% vs. 56%.
- **Performance reviews**: 71% vs. 51%.
- **Mentoring and coaching for staff**: 63% vs. 45%.
- **Defined steps to advancement**: 57% vs. 37%.
- **Stretch assignments**: 57% vs. 37%.
- **Shadowing opportunities**: 51% vs. 37%.

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. 2022 RIA Benchmarking Study from Charles Schwab, fielded January to March 2022. Study contains self-reported data from 1,218 firms. Participant firms represent various sizes and business models categorized into 7 peer groups by AUM.
Nontraditional benefits can impact employee satisfaction as well as support work-life balance.

Firms offering nontraditional benefits

- Remote work
  - Top Performing Firms: 74%
  - All other firms: 68%
- Flexible work schedule
  - Top Performing Firms: 73%
  - All other firms: 64%
- Investment management/financial planning for employees
  - Top Performing Firms: 69%
  - All other firms: 64%
- Health and wellness benefits
  - Top Performing Firms: 61%
  - All other firms: 52%
- Paid time off for volunteer time
  - Top Performing Firms: 47%
  - All other firms: 36%
- Part-time work opportunities
  - Top Performing Firms: 43%
  - All other firms: 36%
- Charitable donation matching
  - Top Performing Firms: 22%
  - All other firms: 18%

Median number of nontraditional benefits offered:

- Top Performing Firms = 5
- All other firms = 4

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. 2022 RIA Benchmarking Study from Charles Schwab, fielded January to March 2022. Study contains self-reported data from 1,218 firms. Participant firms represent various sizes and business models categorized into 7 peer groups by AUM.
Minimizing staff attrition helps ensure stability in business management and client relationships.

Firms with staff departures

- Top Performing Firms: 48%
- Firms over $250M: 61%
- Firms under $250M: 27%

Median staff attrition rate

- Top Performing Firms: 0.0%
- Firms over $250M: 6.5%
- Firms under $250M: 0.0%

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. 2022 RIA Benchmarking Study from Charles Schwab, fielded January to March 2022. Study contains self-reported data from 1,218 firms. Participant firms represent various sizes and business models categorized into 7 peer groups by AUM.
Appendix
Schwab designed the RIA Benchmarking Study to capture insights in the RIA industry based on survey responses from individual firms. The 2022 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.

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 to March 2022, the study contains self-reported data from 1,218 firms that custody their assets with Schwab or TD Ameritrade and represents $1.8 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.

Since the inception of the study in 2006, more than 4,300 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.

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.

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.
Overview by peer group

<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 $2.5B</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021 ending AUM ($M)</td>
<td>$138</td>
<td>$830</td>
<td>$176</td>
<td>$357</td>
<td>$606</td>
<td>$858</td>
<td>$1,436</td>
<td>$4,405</td>
</tr>
<tr>
<td>5-year AUM CAGR¹</td>
<td>14.4%</td>
<td>13.9%</td>
<td>14.1%</td>
<td>14.8%</td>
<td>14.1%</td>
<td>14.2%</td>
<td>13.8%</td>
<td>12.2%</td>
</tr>
<tr>
<td>2021 organic growth² ($M)</td>
<td>$9</td>
<td>$39</td>
<td>$11</td>
<td>$24</td>
<td>$36</td>
<td>$41</td>
<td>$79</td>
<td>$192</td>
</tr>
<tr>
<td>5-year organic growth² CAGR¹</td>
<td>7.6%</td>
<td>6.1%</td>
<td>7.1%</td>
<td>7.0%</td>
<td>7.6%</td>
<td>4.9%</td>
<td>5.9%</td>
<td>4.3%</td>
</tr>
<tr>
<td>2021 revenues ($K)</td>
<td>$942</td>
<td>$4,479</td>
<td>$1,202</td>
<td>$2,323</td>
<td>$3,581</td>
<td>$4,766</td>
<td>$8,340</td>
<td>$22,190</td>
</tr>
<tr>
<td>5-year revenue CAGR¹</td>
<td>11.6%</td>
<td>11.3%</td>
<td>10.6%</td>
<td>11.5%</td>
<td>11.9%</td>
<td>12.1%</td>
<td>10.4%</td>
<td>10.8%</td>
</tr>
<tr>
<td>2021 ending number of clients</td>
<td>132</td>
<td>412</td>
<td>154</td>
<td>269</td>
<td>332</td>
<td>388</td>
<td>685</td>
<td>1,411</td>
</tr>
<tr>
<td>5-year client CAGR¹</td>
<td>4.7%</td>
<td>5.1%</td>
<td>4.6%</td>
<td>4.8%</td>
<td>5.9%</td>
<td>5.1%</td>
<td>5.1%</td>
<td>5.1%</td>
</tr>
<tr>
<td>2021 assets per client ($M)</td>
<td>$1.05</td>
<td>$2.11</td>
<td>$1.17</td>
<td>$1.51</td>
<td>$1.80</td>
<td>$2.45</td>
<td>$3.19</td>
<td>$4.86</td>
</tr>
<tr>
<td>Total staff</td>
<td>3</td>
<td>11</td>
<td>4</td>
<td>7</td>
<td>9</td>
<td>12</td>
<td>18</td>
<td>54</td>
</tr>
</tbody>
</table>

¹ Median 5-year compound annual growth rate (CAGR) over the period from year-end 2016 through 2021.
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. 2022 RIA Benchmarking Study from Charles Schwab, fielded January to March 2022. Study contains self-reported data from 1,218 firms. Participant firms represent various sizes and business models categorized into 7 peer groups by AUM.