

2021 RIA Benchmarking Study

July 2021

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Schwab's RIA Benchmarking Study is the leading study in the industry – 1,340 advisory firms, representing over \$1.5 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.

“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

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.

Looking ahead



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

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



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.

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Advisors continue to prioritize client acquisition, with leveraging digital channels and recruiting new staff rising in importance.

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

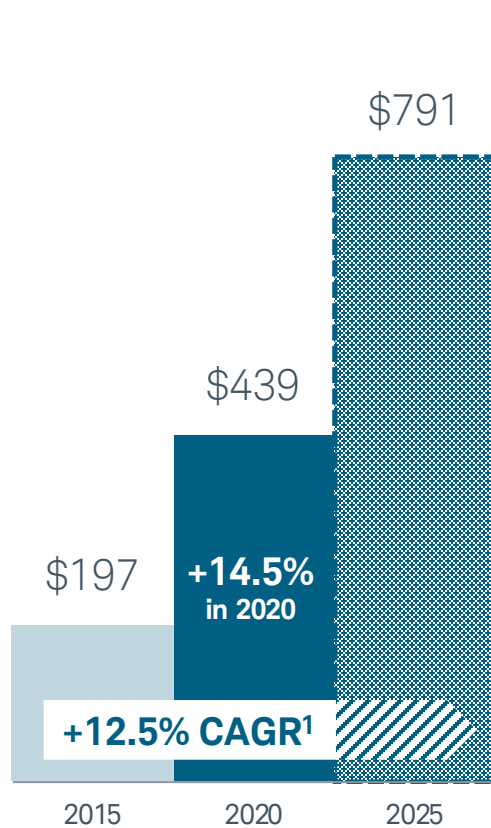
Results for all firms with \$250 million or more in AUM that selected initiative as a top 3 priority. 2021 RIA Benchmarking Study from Charles Schwab, fielded January to March 2021. Study contains self-reported data from 1,340 firms. Participant firms represent various sizes and business models categorized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



Despite an unprecedented year, RIA firms saw continued growth, indicating a positive trajectory.

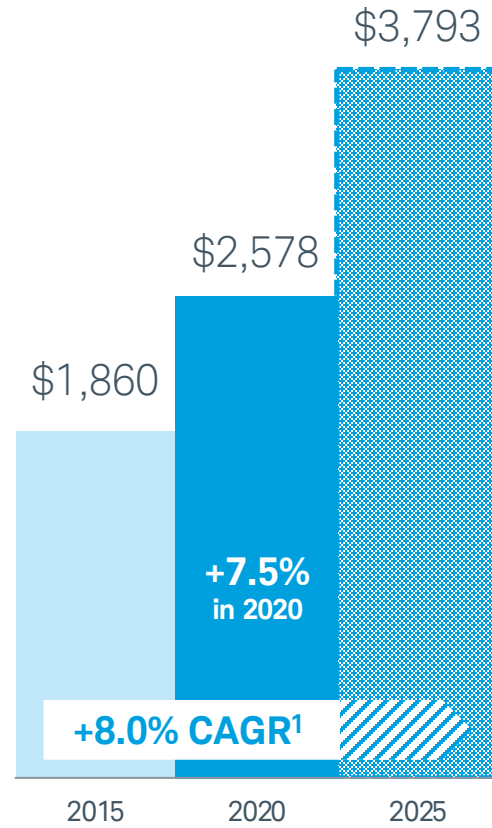
Assets under management

In millions

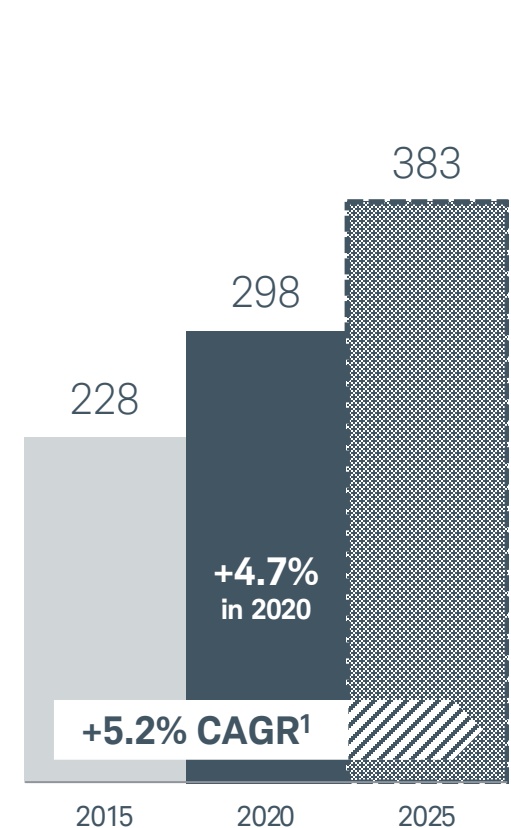


Revenue

In thousands



Clients



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.

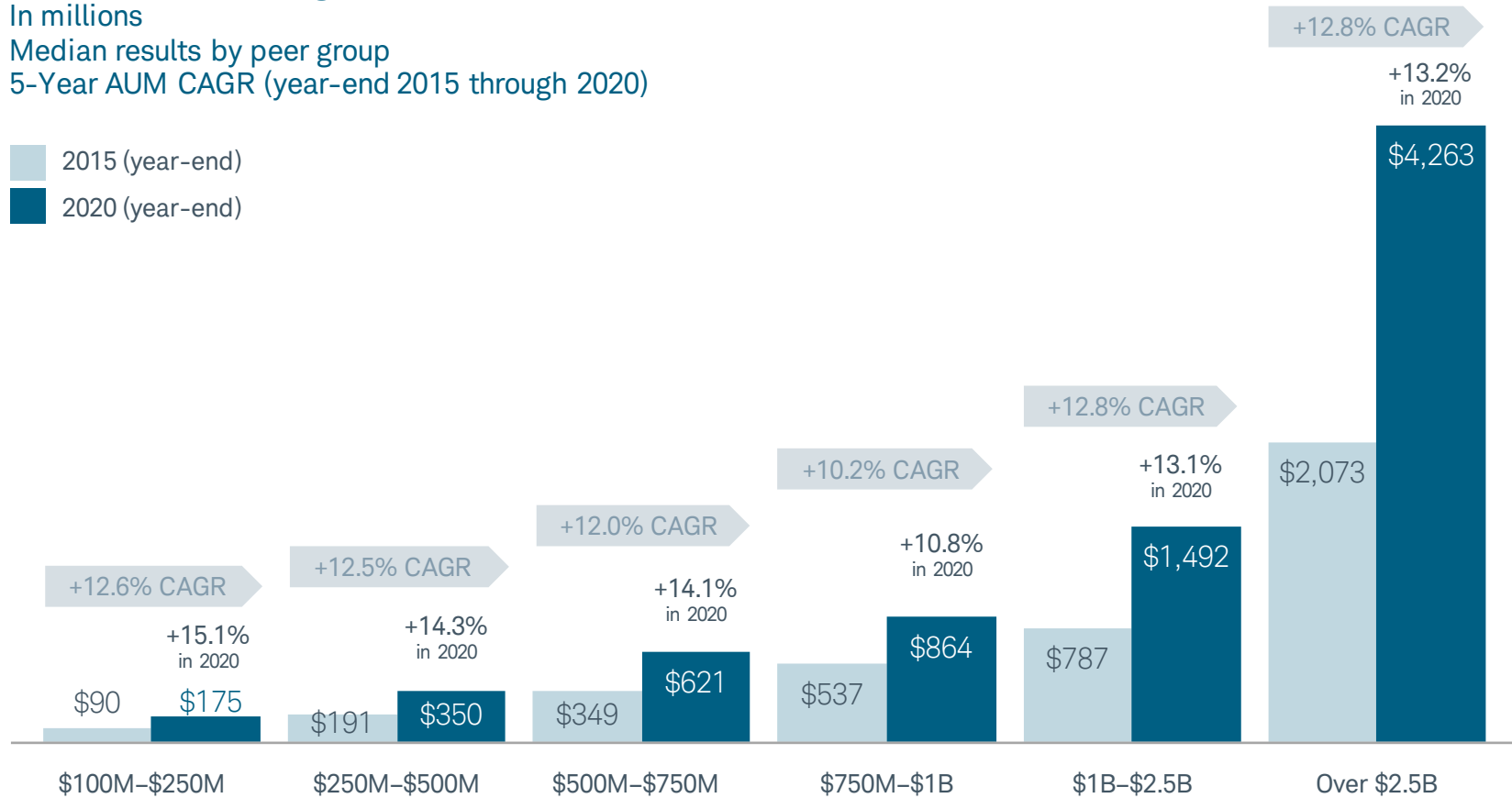
Assets under management (AUM)

In millions

Median results by peer group

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

■ 2015 (year-end)
■ 2020 (year-end)



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Five-year revenue growth remained solid, supported by strong AUM performance in the prior year.

Revenue

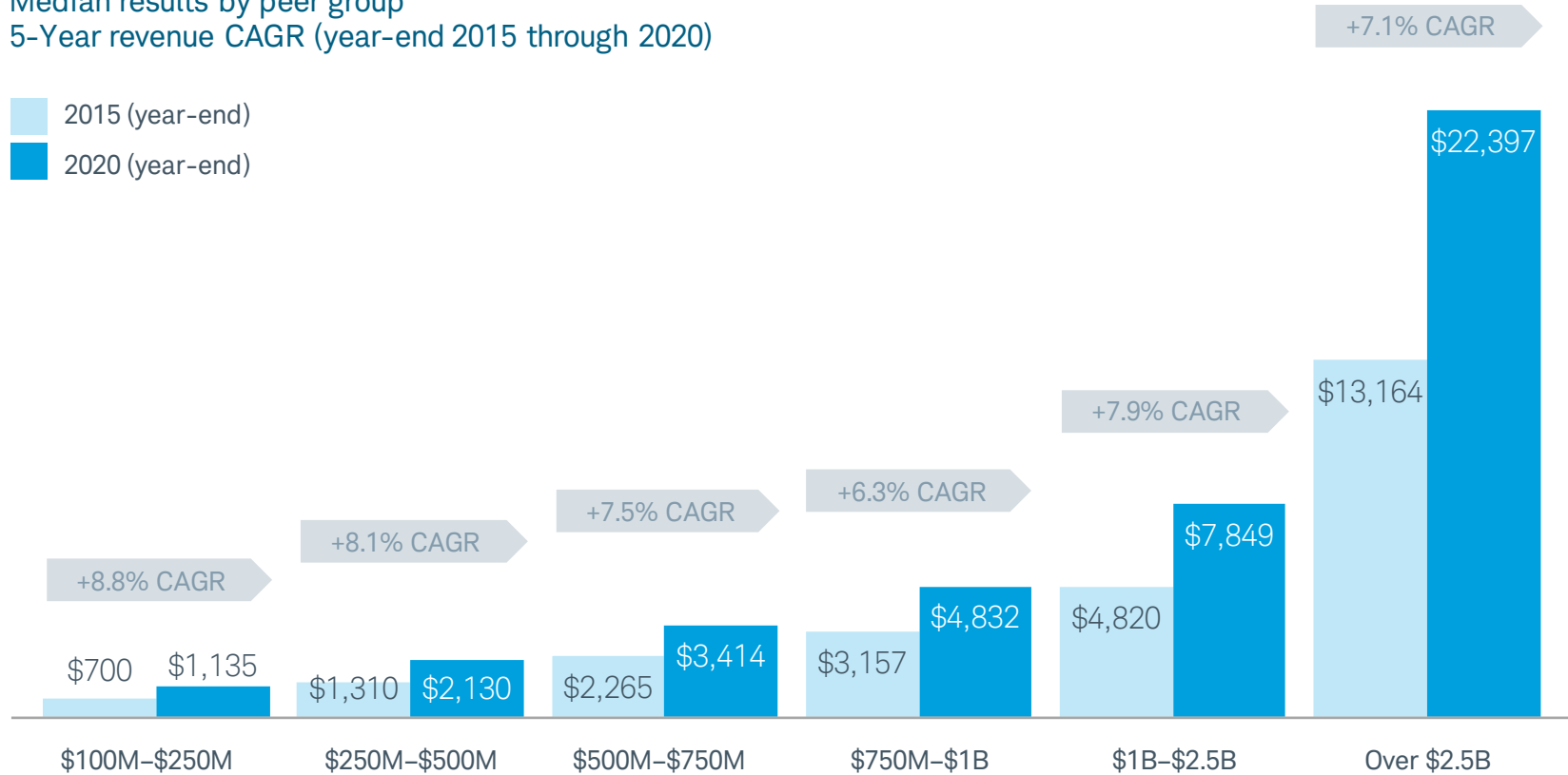
In thousands

Median results by peer group

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

2015 (year-end)

2020 (year-end)



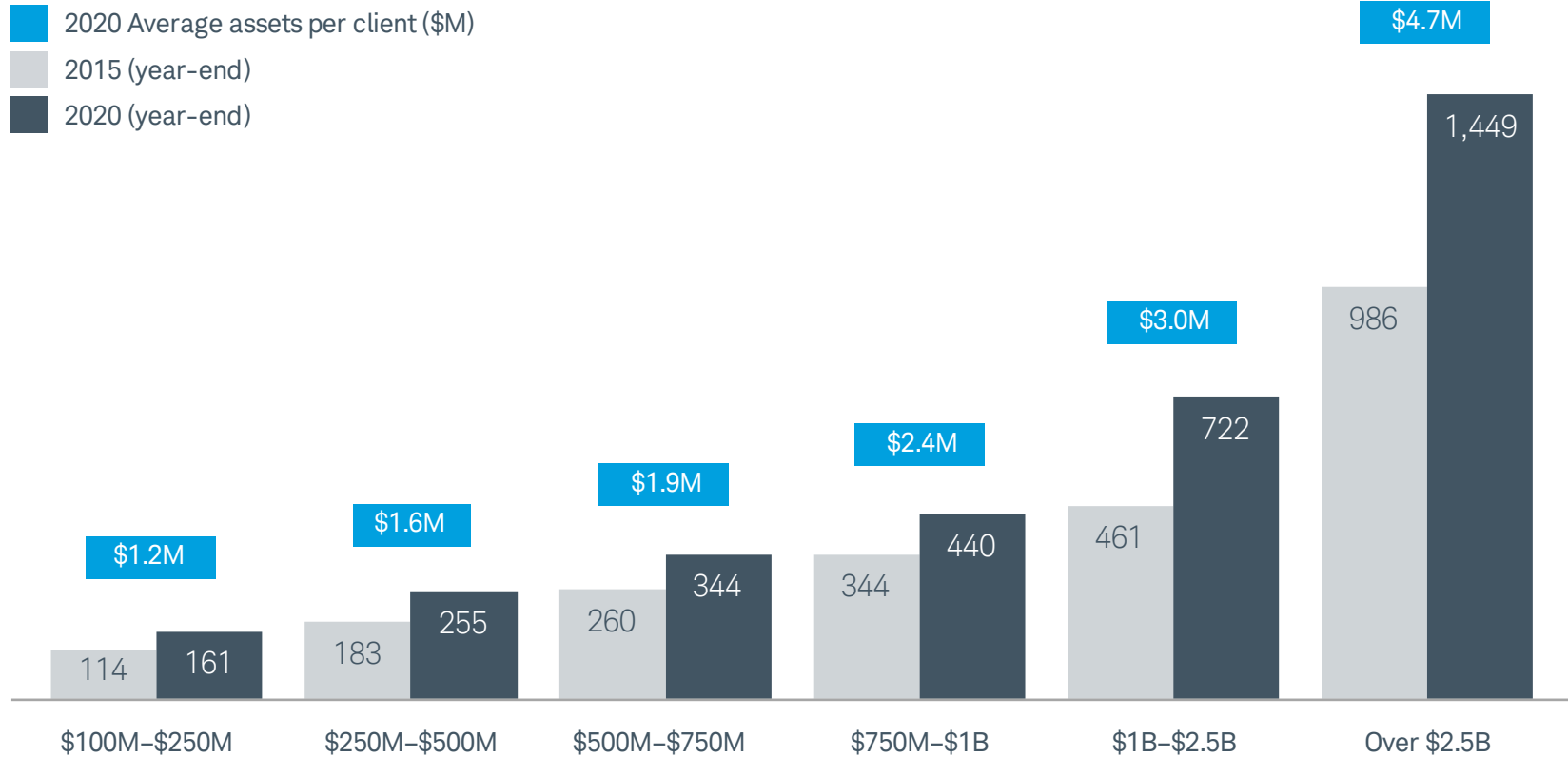
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Growth in clients remained consistent even as firms relied on virtual interactions to engage prospects and build relationships.

Total clients

Median results by peer group



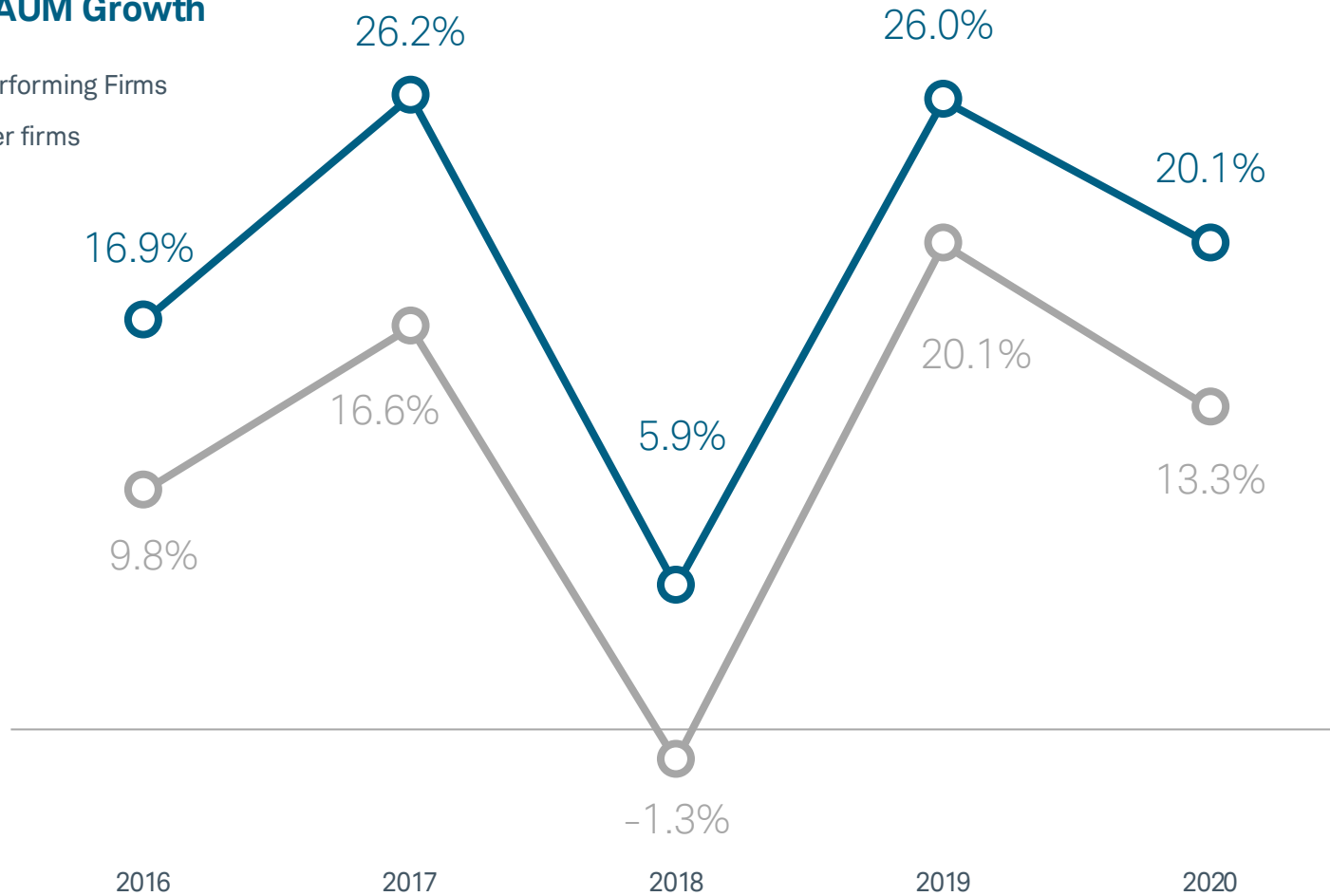
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Top Performing Firms demonstrate more robust AUM growth than other firms.

Median AUM Growth

- Top Performing Firms
- 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.

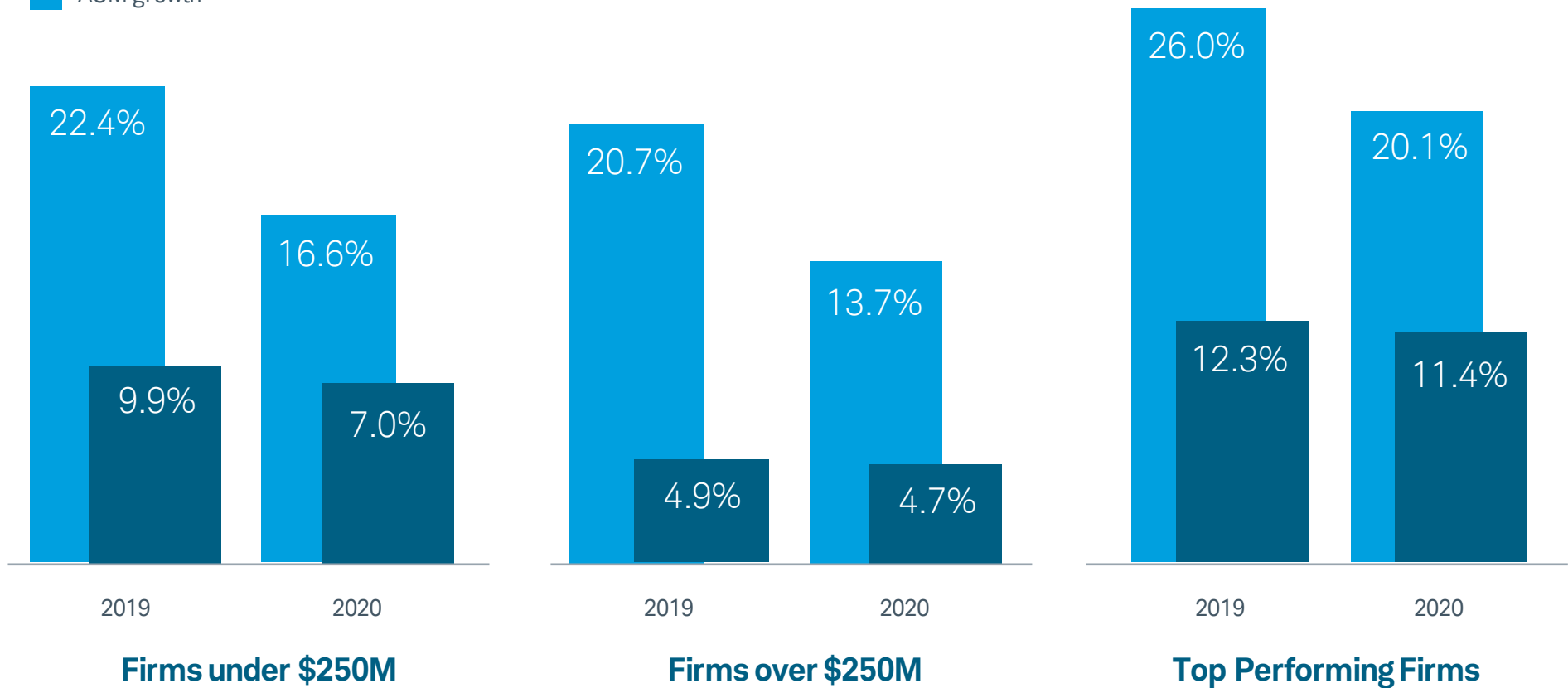
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Organic growth reflects how clients and prospects respond to a firm's value proposition, client experience, and strategy.

Contribution of net organic asset growth to AUM growth

- Net organic growth
- AUM growth



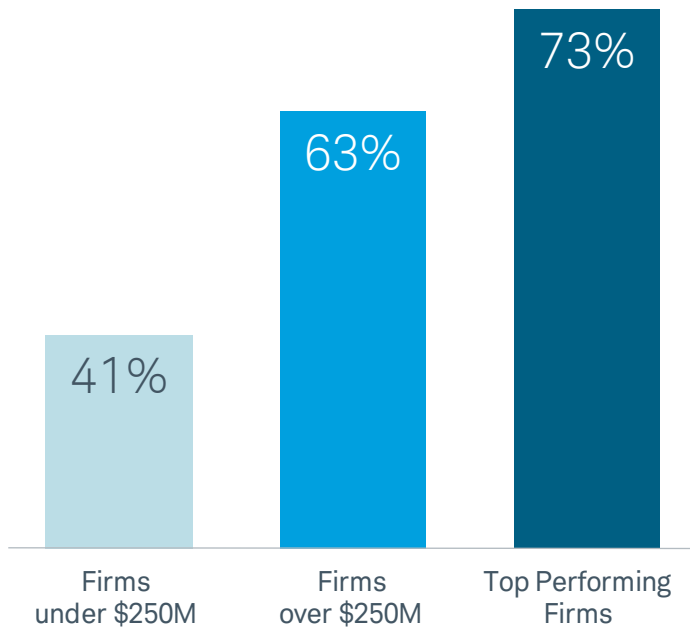
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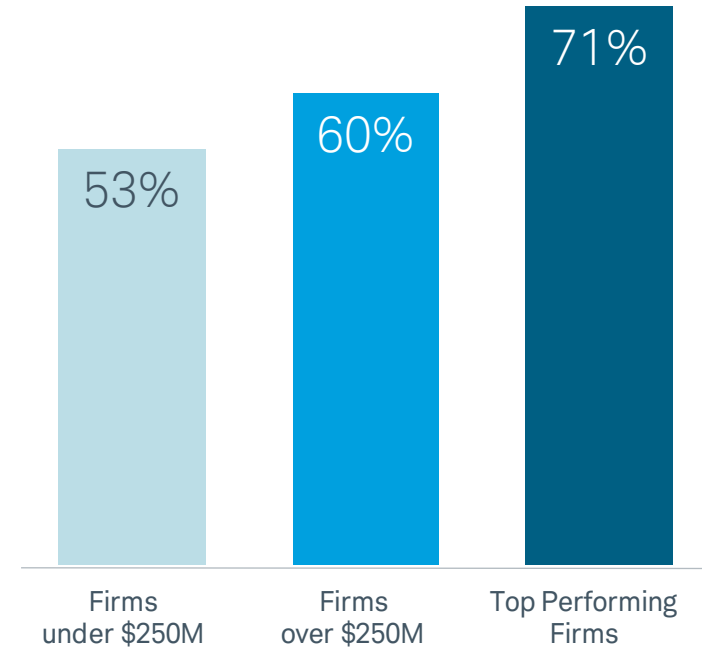


Strategic and succession plans support firm performance and endurance, helping firms adapt to change.

Firms with written strategic plan



Firms with written succession plan



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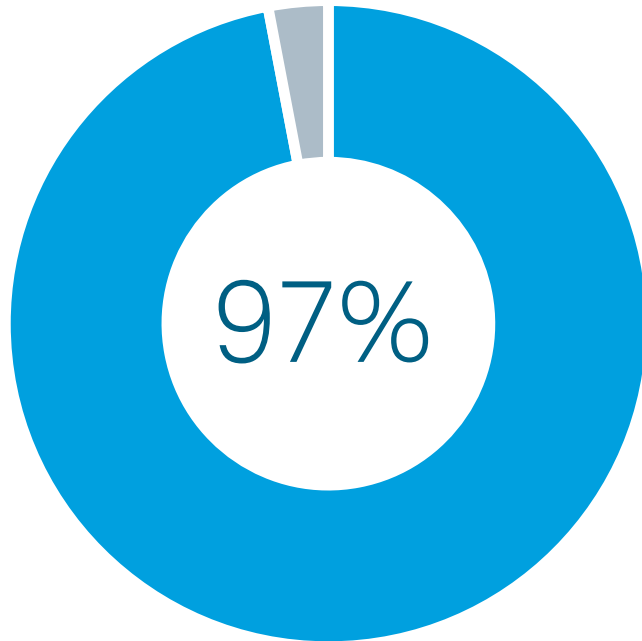


People are your
most important
asset

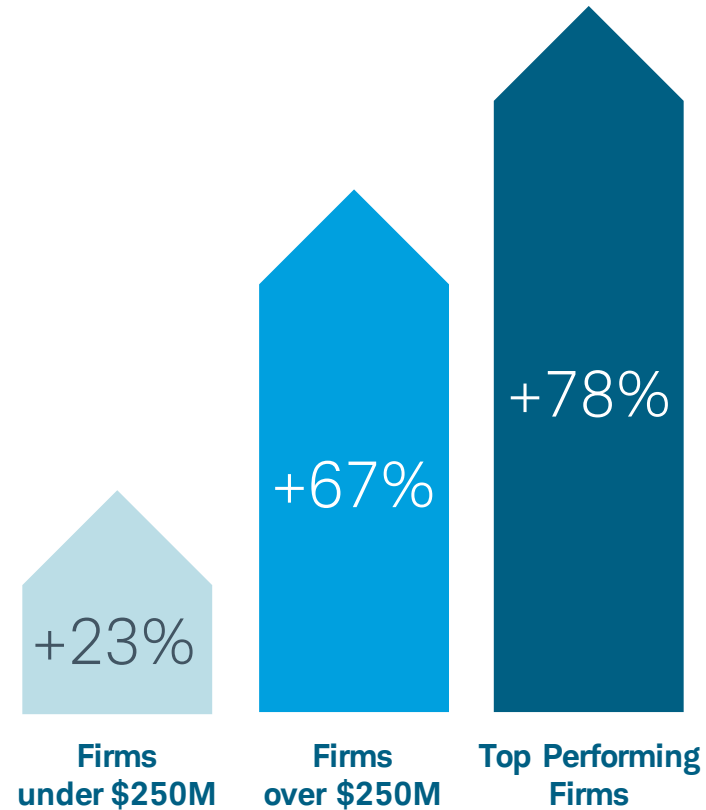


Client retention remains high, and net assets from existing clients showed a strong uptick in 2020.

Client retention in 2020 for firms across the study



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

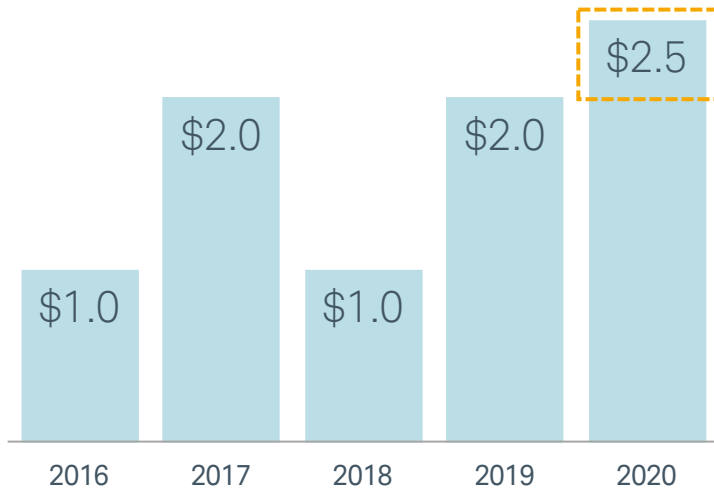


Median results. Existing client net flows include assets gained and lost from existing clients. Past performance is not an indicator of future results. 2021 RIA Benchmarking Study from Charles Schwab, fielded January to March 2021. Study contains self-reported data from 1,340 firms. Participant firms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

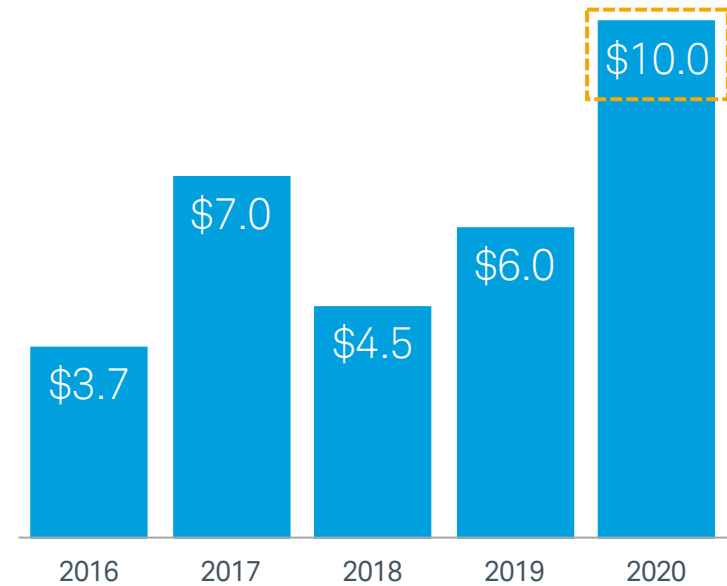


Existing clients brought more net new assets to RIAs in 2020 than in the past five years.

Firms under \$250M
Net assets from existing clients (\$M)
In millions



Firms over \$250M
Net assets from existing 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.



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)



Firms with a documented client value proposition (CVP)



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



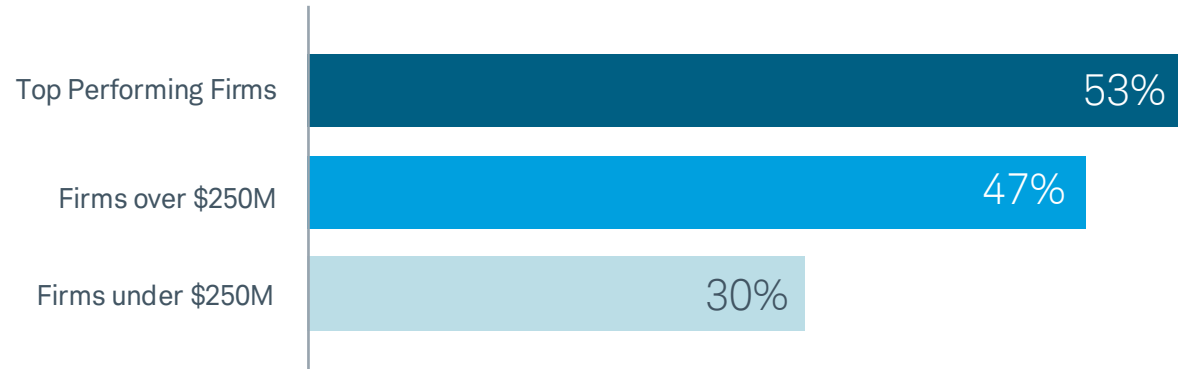
Median results for all firms with \$250 million or more in AUM.

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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



Average marketing and business development spend as a percent of revenue

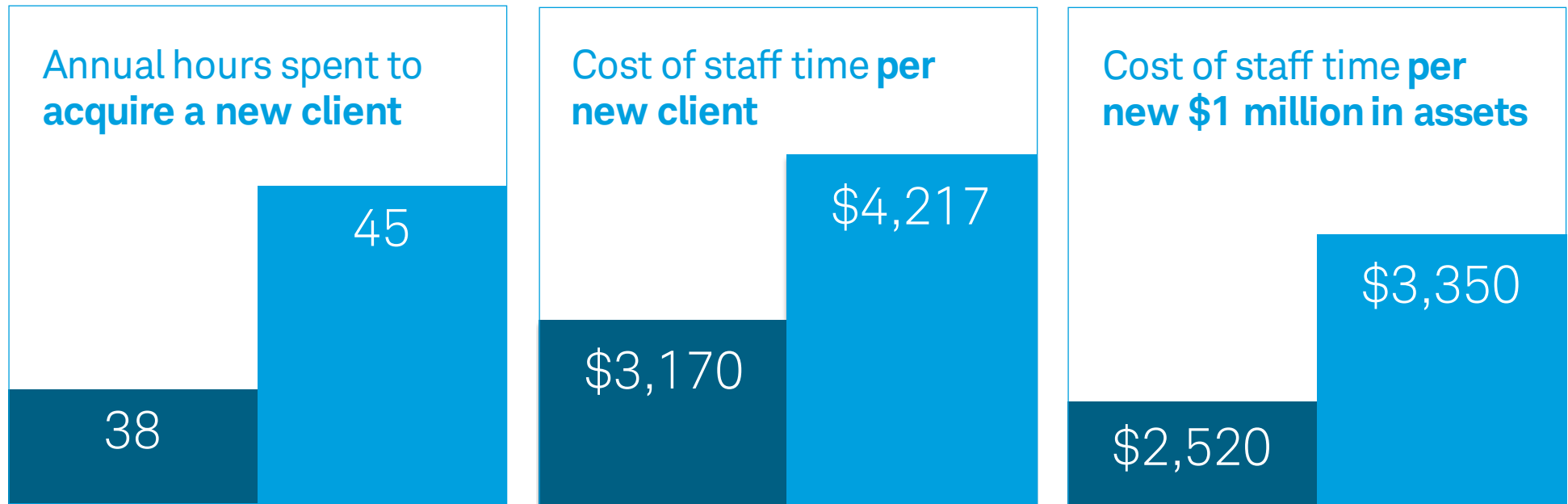
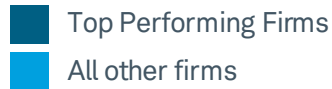


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Top Performing Firms are also more efficient with their business development, requiring less staff time to acquire new clients.



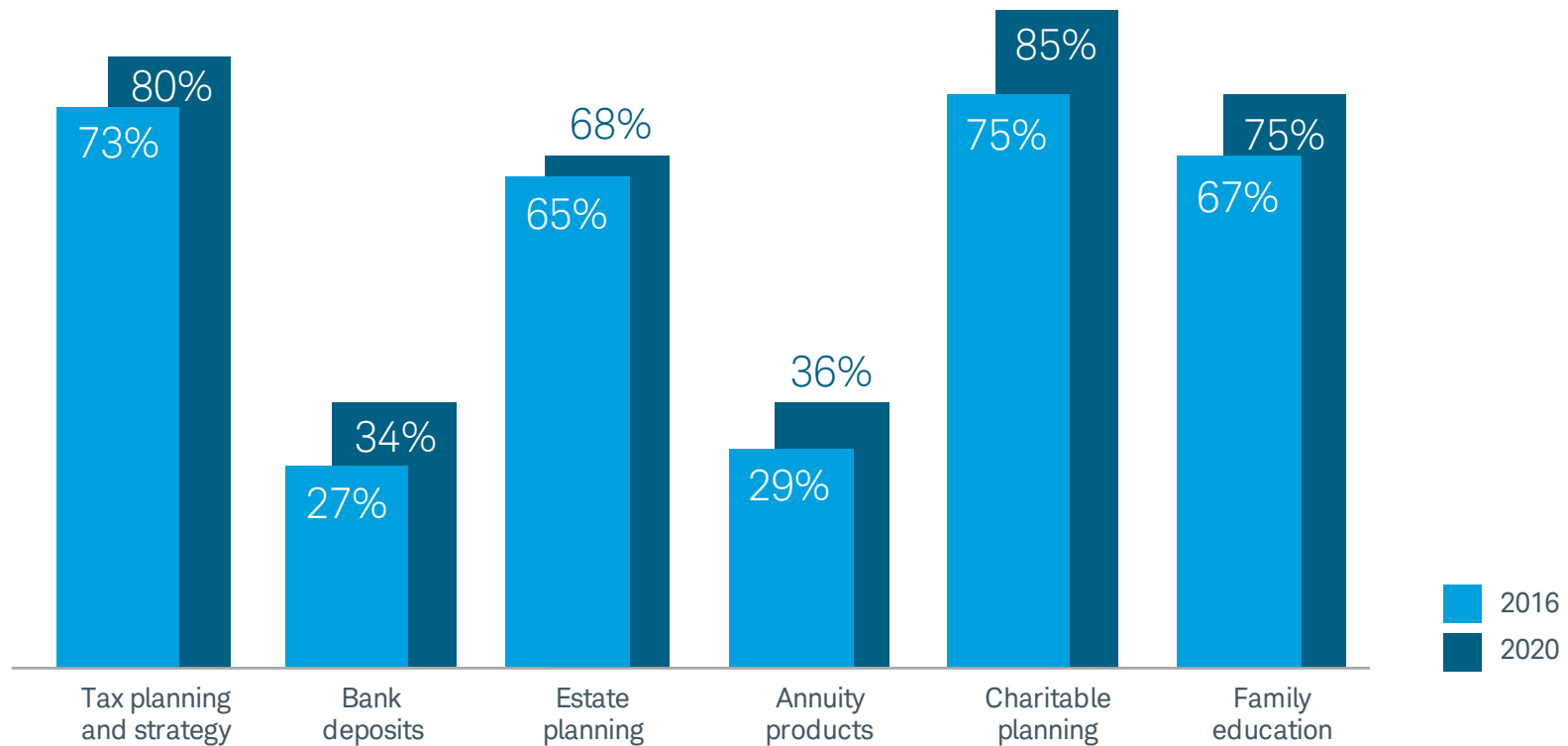
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Specialized services have increasingly become part of a firm's offering.

Firms offering service



Results from the 2017 and 2021 RIA Benchmarking Study from Charles Schwab. Results for all firms with \$250 million or more in AUM.

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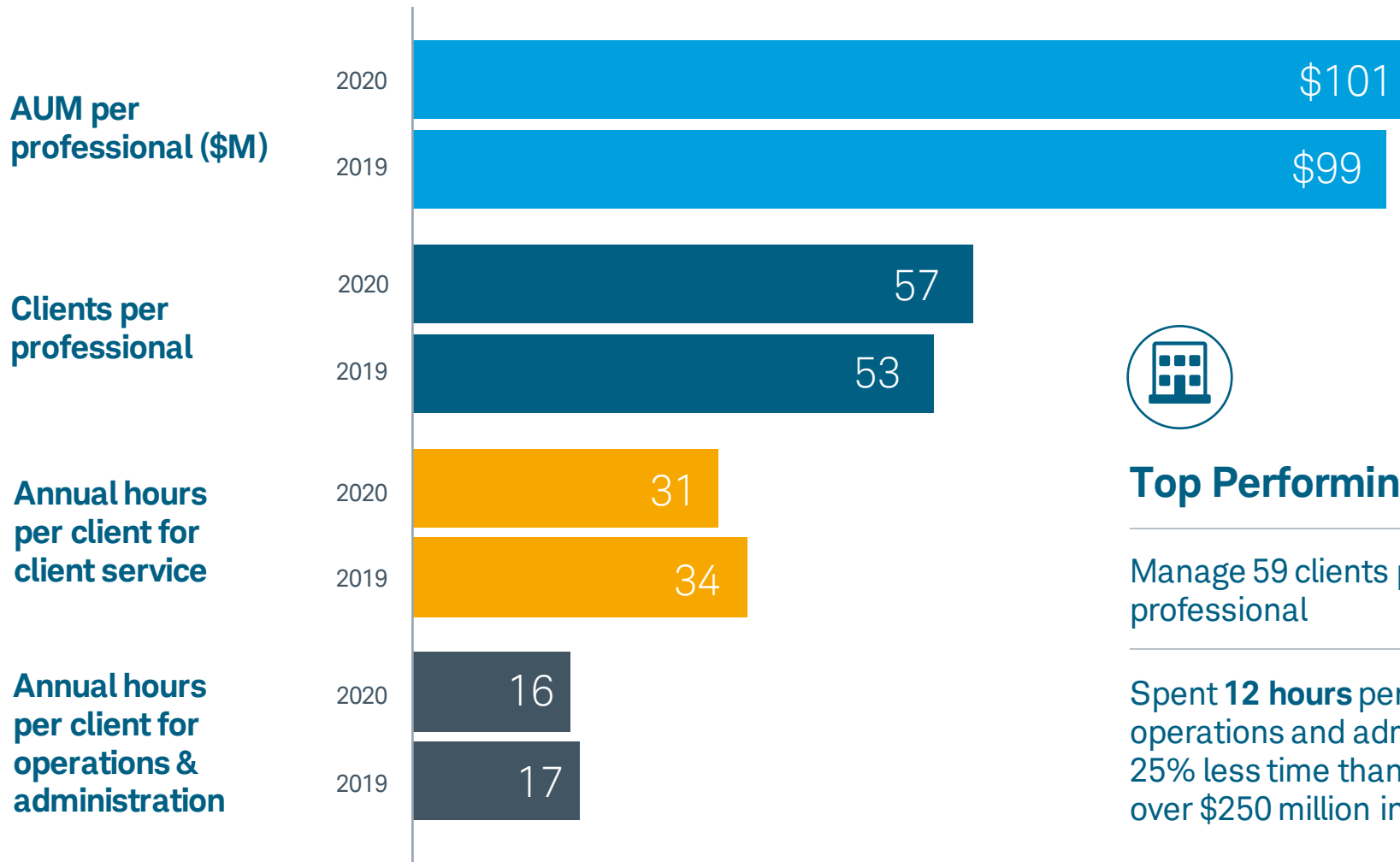


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Advisors leveraged opportunities for productivity gains during the pandemic.



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.

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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



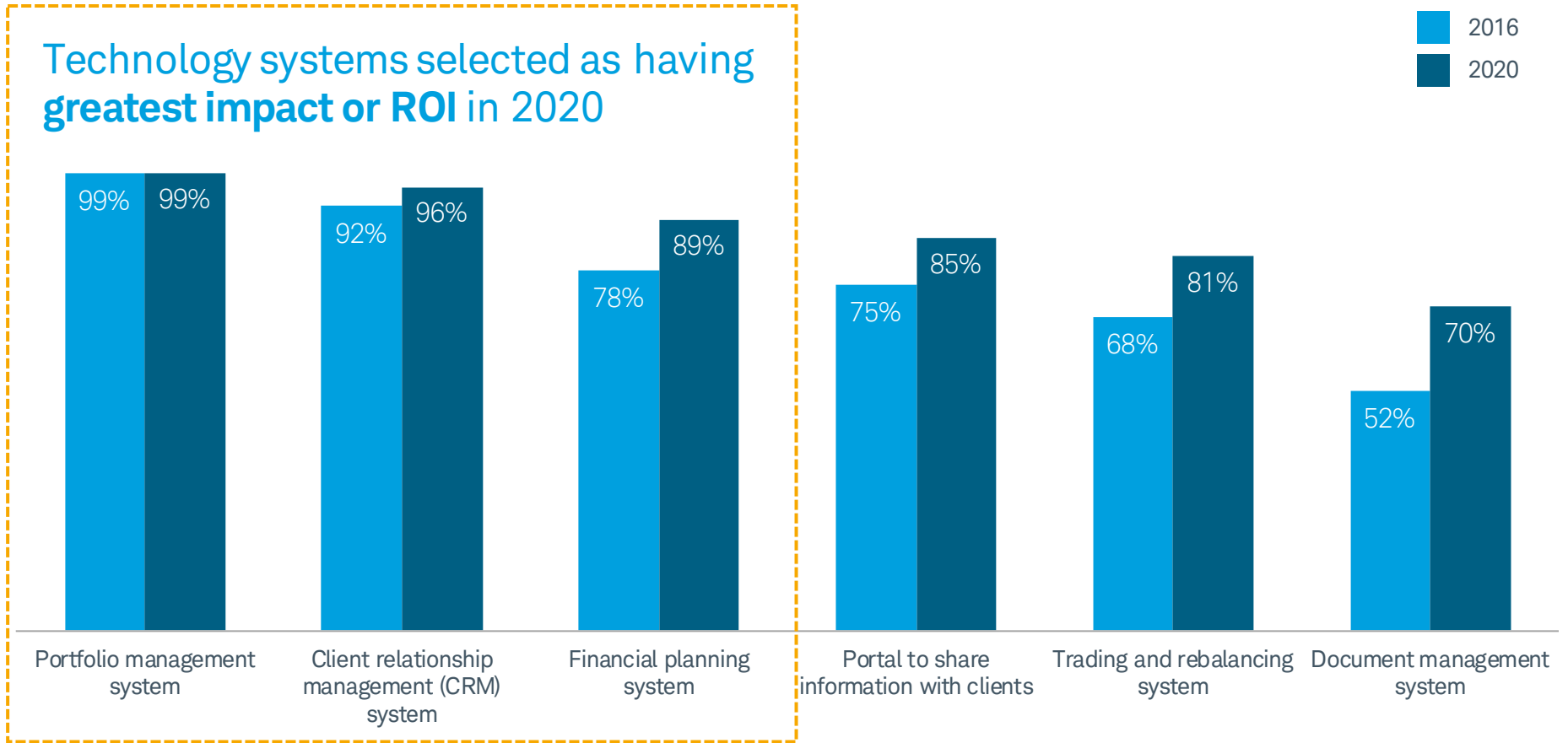
50%

when COVID-related
restrictions are lifted



Technology was essential for client connections and operations during the pandemic.

Firms using technology systems

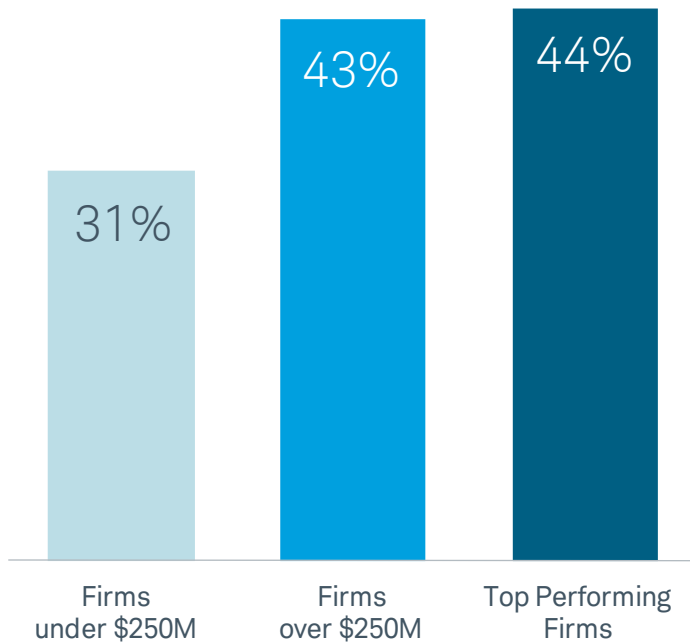


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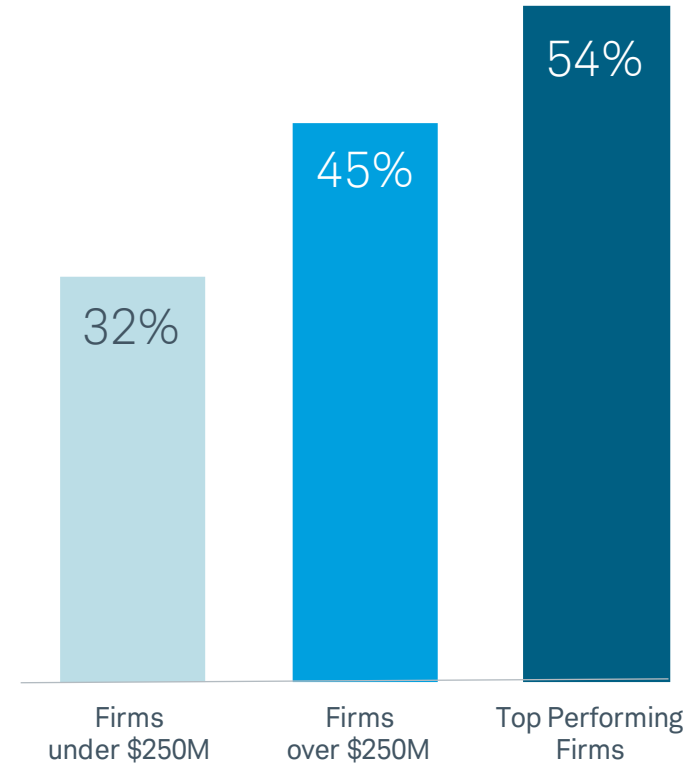
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Leveraging CRM systems can help serve clients more consistently and streamline communications.

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



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



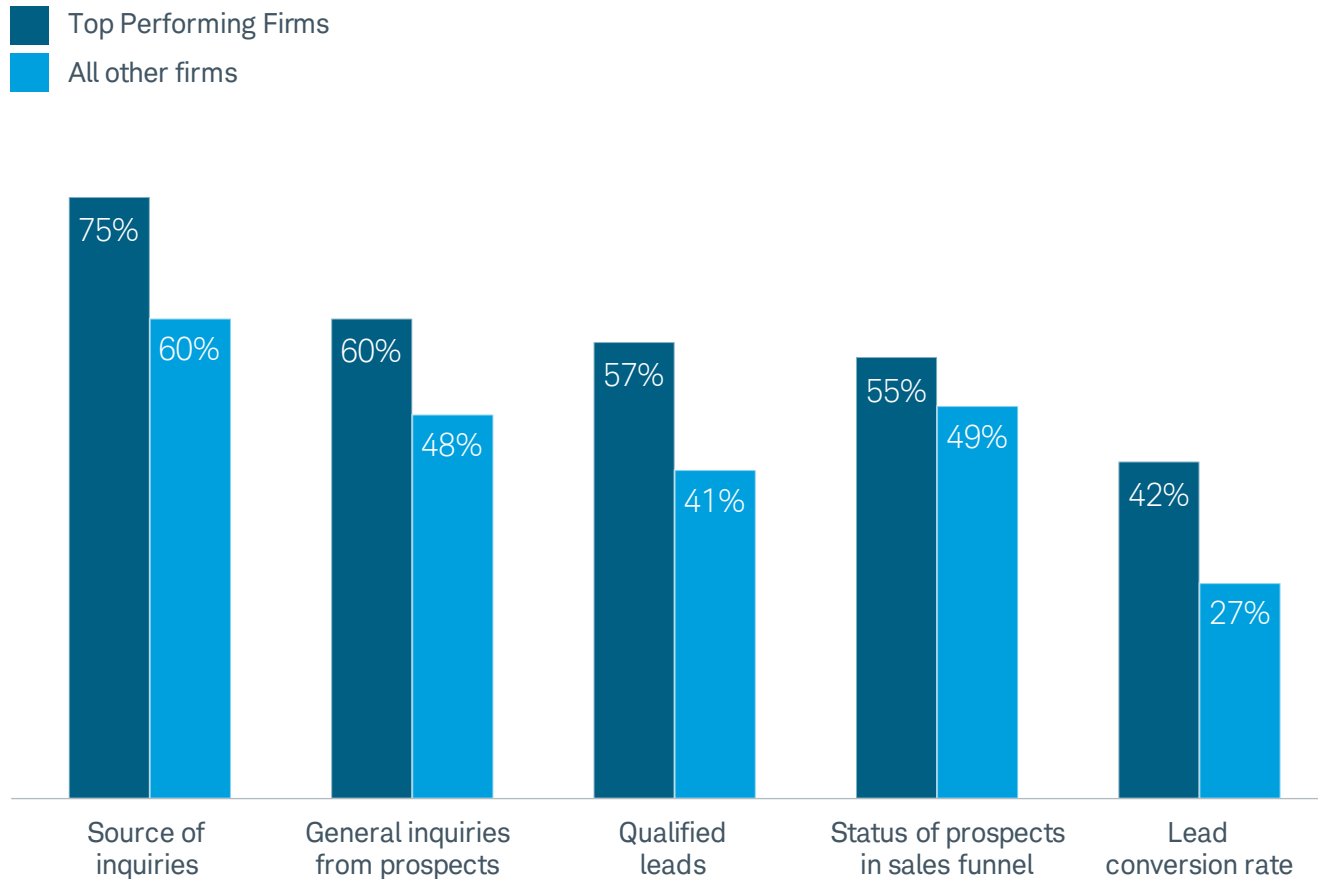
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Tracking prospecting results and refining tactics helps ensure firms are allocating their marketing resources effectively.

Firms that track metrics to measure progress towards new client growth



Percent of leads closed¹

TOP PERFORMING FIRMS

60%

ALL OTHER FIRMS

53%

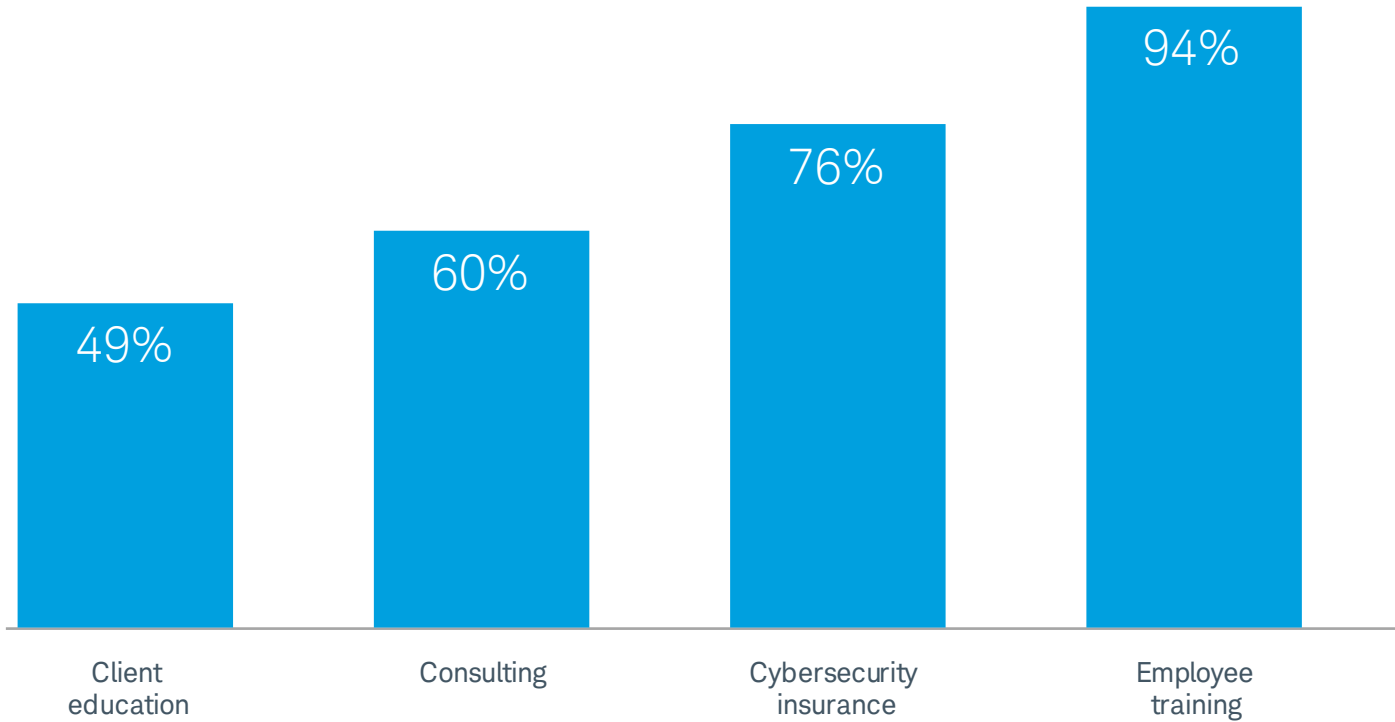
¹ Median results for firms that track their lead conversion rate.

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

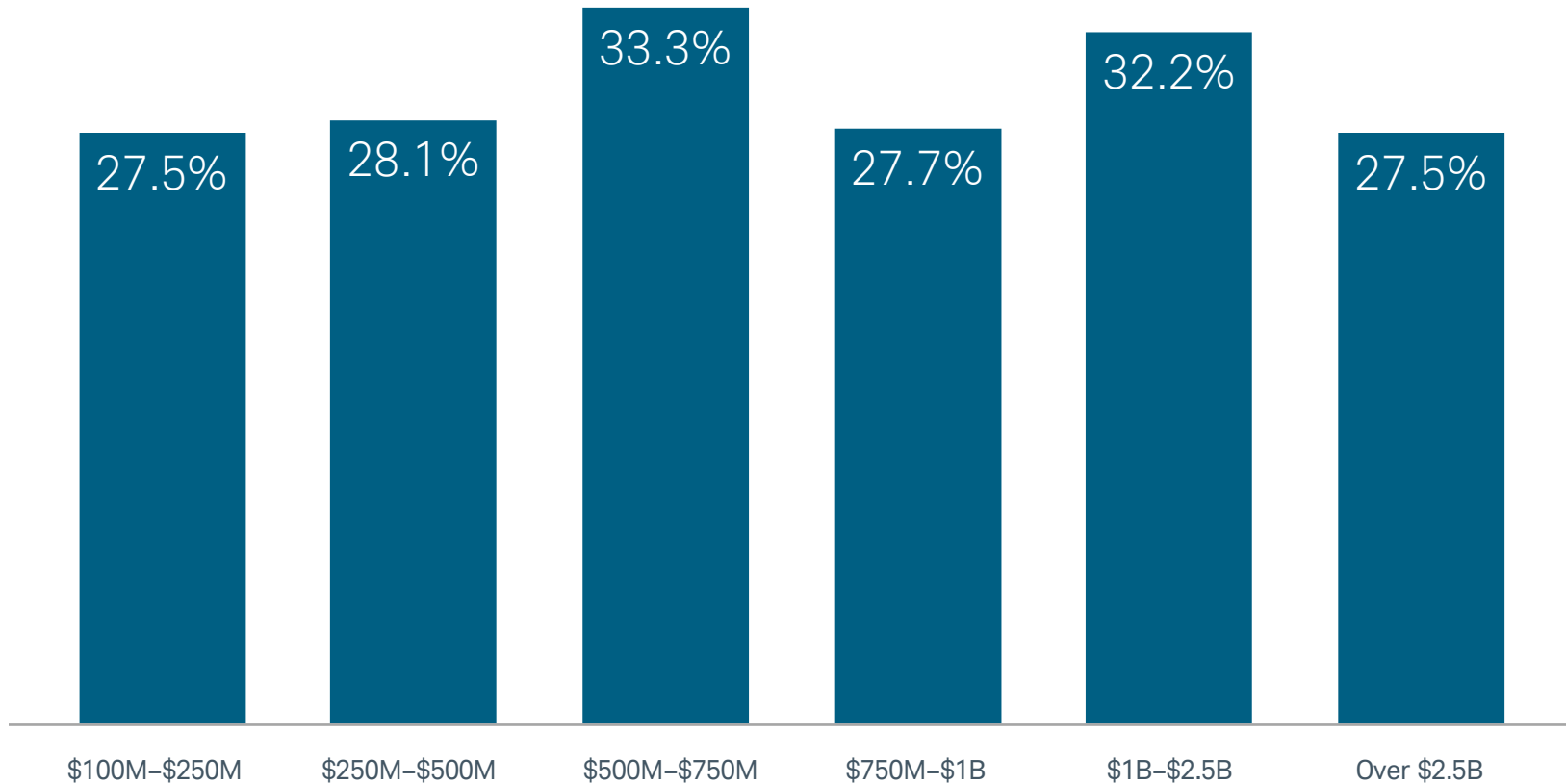
Firms with cybersecurity activity implemented



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Profit margins remained robust for firms of all sizes in 2020.

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



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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

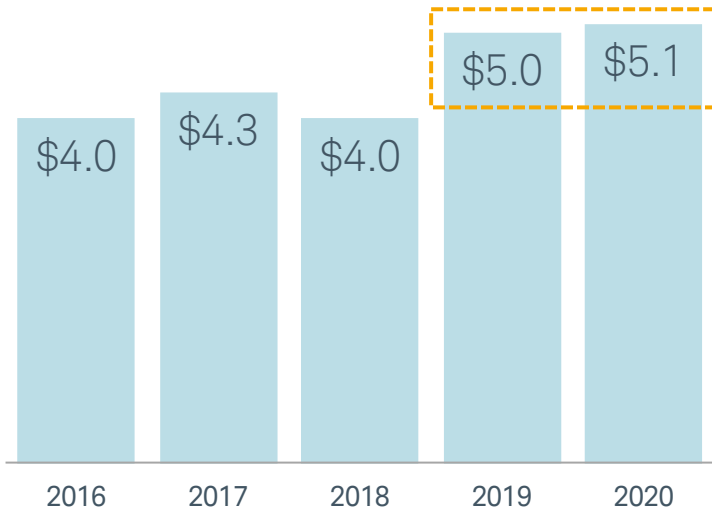
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Results for all firms with \$25 million or more in AUM that reported tracking their new client growth goals. Past performance is not an indicator of future results. 2021 RIA Benchmarking Study from Charles Schwab, fielded January to March 2021. Study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

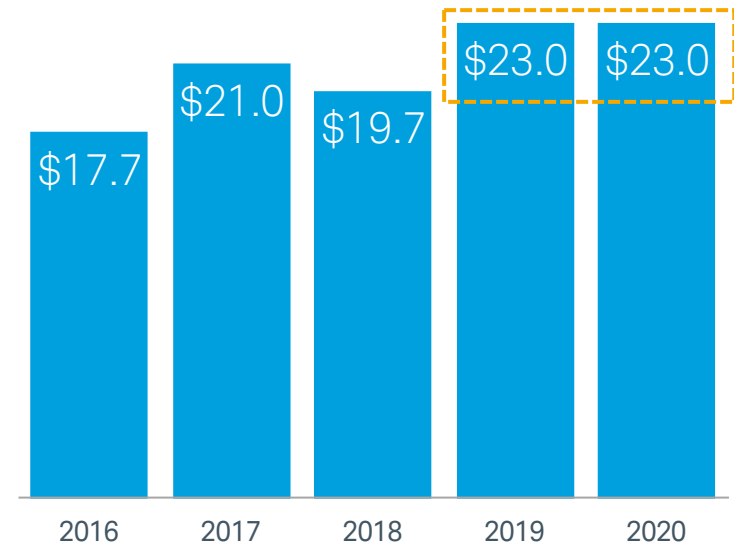


Firms were successful in maintaining their level of new client assets.

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



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



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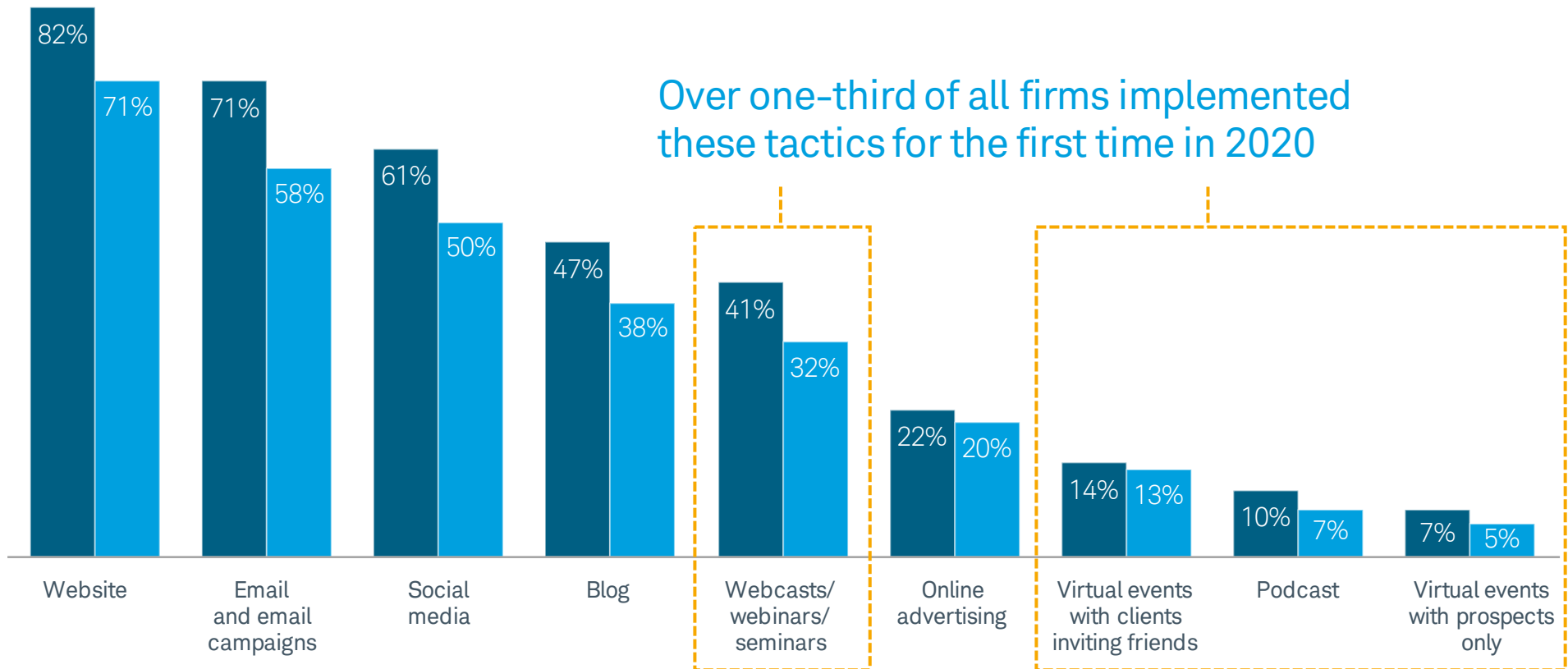


Firms pivoted to virtual business development and tried new tactics to maintain their level of new client assets in 2020.

Firms using digital tactics for prospecting

- Top Performing Firms
- All other firms

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



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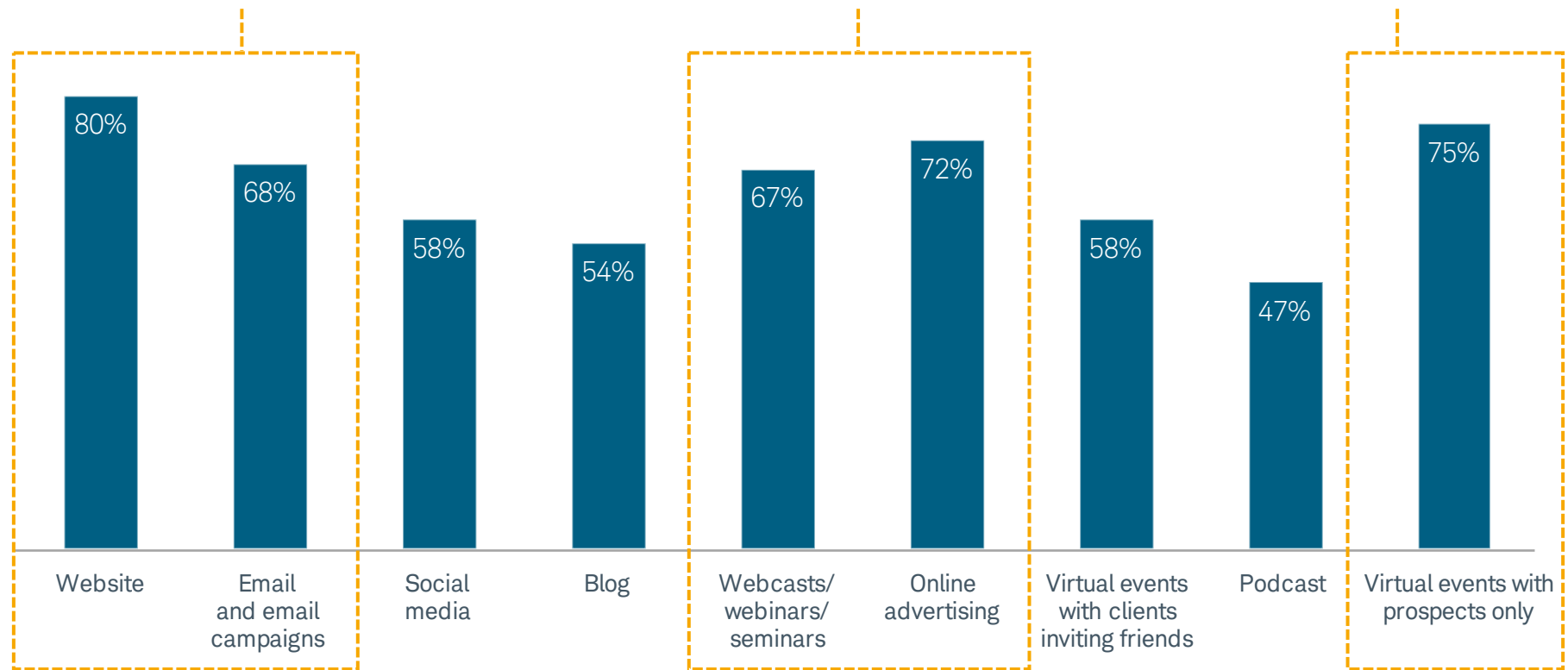
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RIAs had success in generating leads digitally, with nearly 80% of firms converting some prospects completely virtually in 2020.¹

Percent of firms generating leads from digital tactics²

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



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.

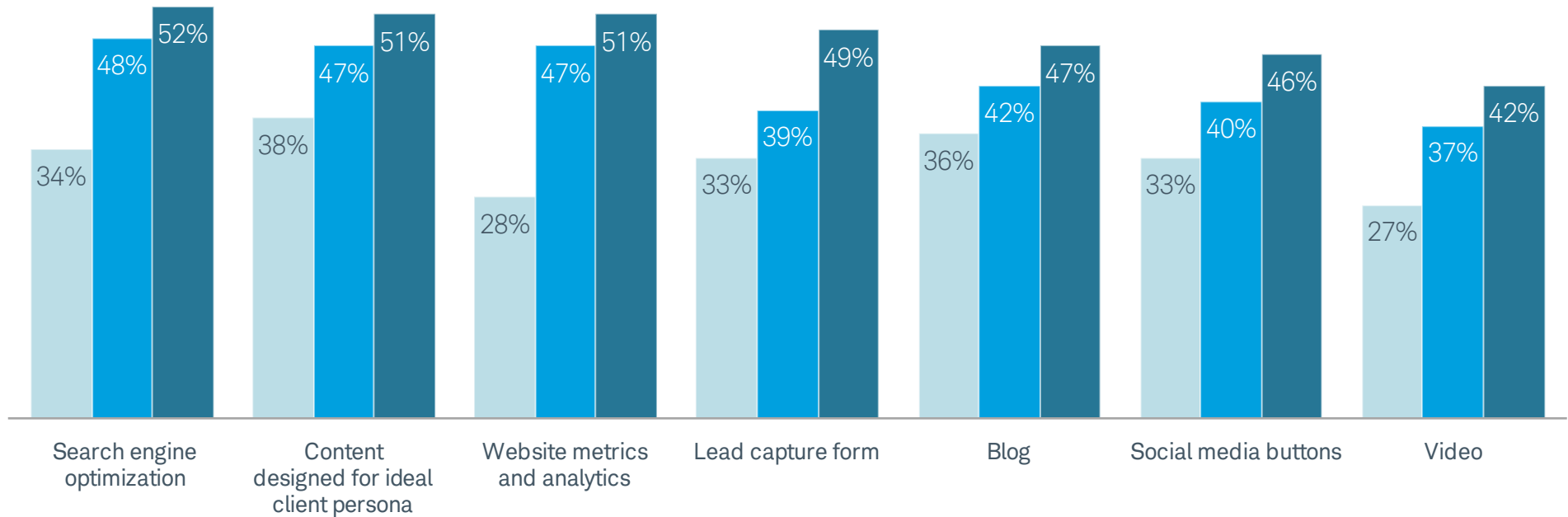
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With websites serving as the new “front door” during the pandemic, firms optimized them to attract and engage prospects.

Features firms have implemented to optimize website for lead generation

- Firms under \$250M
- Firms over \$250M
- Top Performing Firms



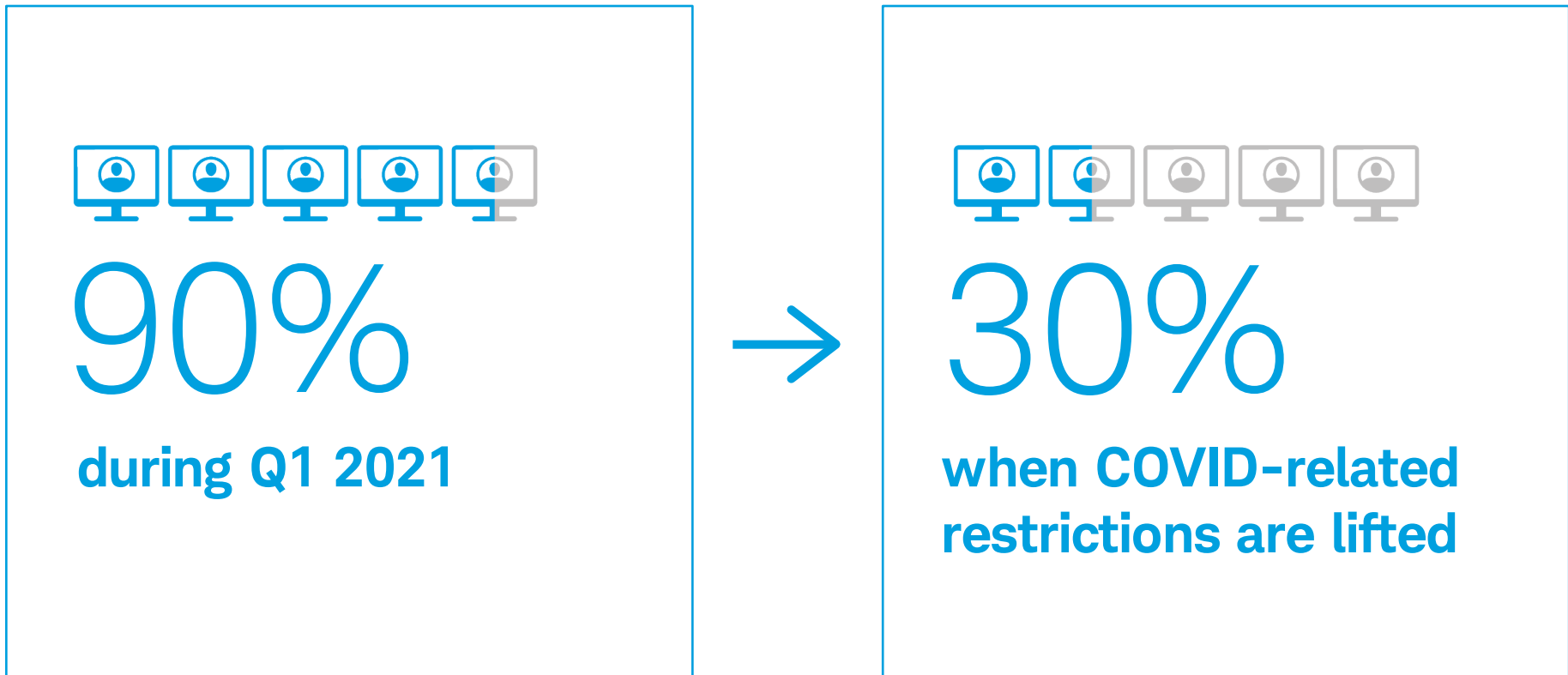
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Looking ahead, advisors anticipate leveraging both virtual and in-person business development strategies.

Percent of prospects engaging with staff completely virtually

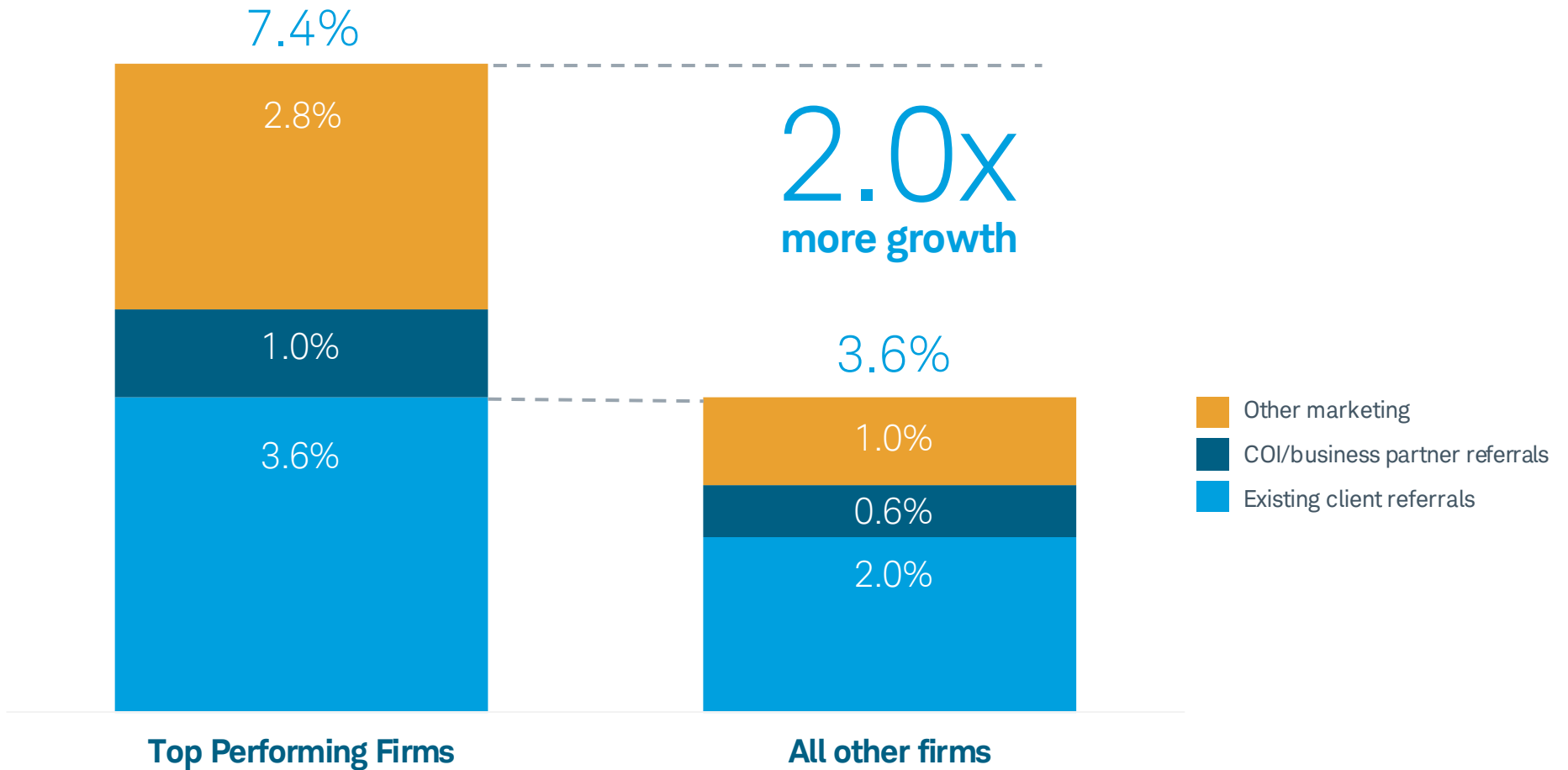


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Top Performing Firms saw twice the growth in assets from new clients, driven by their marketing and client referrals.

Asset growth from new clients by source



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The 5-year net organic CAGR for Top Performing Firms indicates successful long-term strategies.

	Top Performing Firms	All other firms	Multiple
5-year net organic assets CAGR	13.9%	4.7%	3.0x
5-year revenue CAGR	14.7%	7.0%	2.1x
Net asset flows in 2020	\$25 million	\$12 million	2.1x
Number of new clients in 2020	22	14	1.6x
Assets from new clients in 2020	\$19 million	\$11 million	1.7x
New revenue per professional in 2020	\$50,000	\$32,000	1.6x

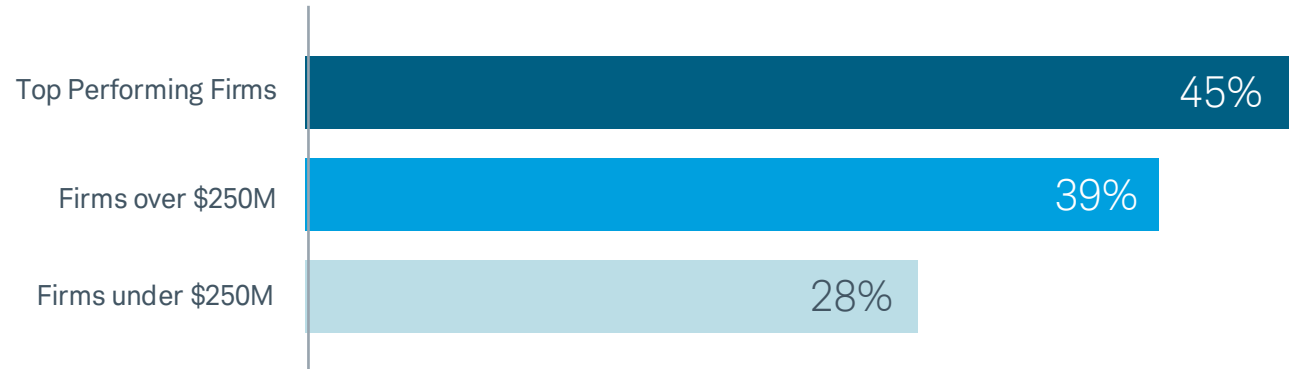
Median results for Top Performing Firms and all other firms. Top Performing Firms are those that rank in the top 20% of the Firm Performance Index. The index evaluates all firms in the study according to 15 metrics to arrive at a holistic assessment of each firm's performance across key business areas.

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.

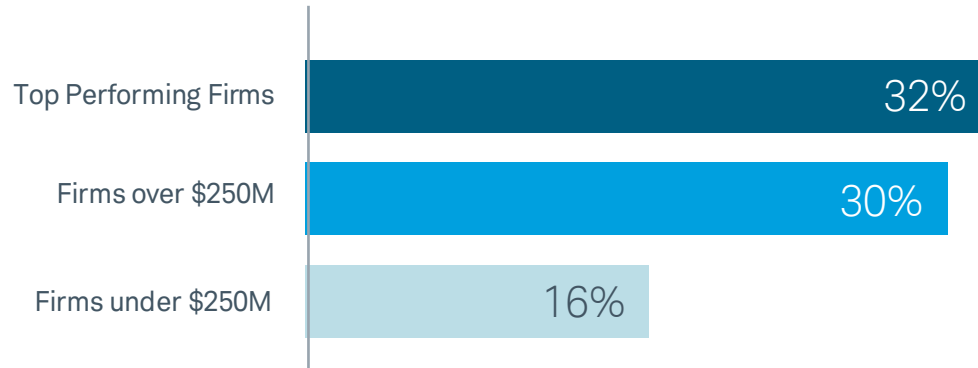


Referrals account for a majority of new clients, yet fewer than half of firms document referral plans.

Firms with a documented referral plan for existing clients



Firms with a documented referral plan for business partners



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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Firms with referral plans achieved stronger results from those channels in 2020 than firms without referral plans.

Firms with existing client referral plans

9%

more new clients

generated from existing client referrals

16%

more assets from new clients

generated from existing client referrals

Firms with business partner referral plans

2x

more new clients

generated from business partner referrals

4x

more assets from new clients

generated from business partner referrals

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

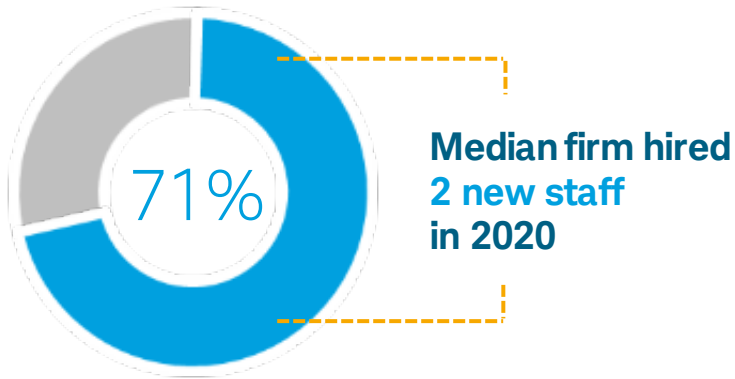


People are your
most important
asset

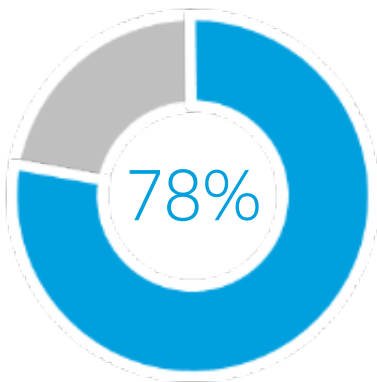


Having an employee value proposition is critical, as a majority of firms hired in 2020 and are looking to add staff this year.

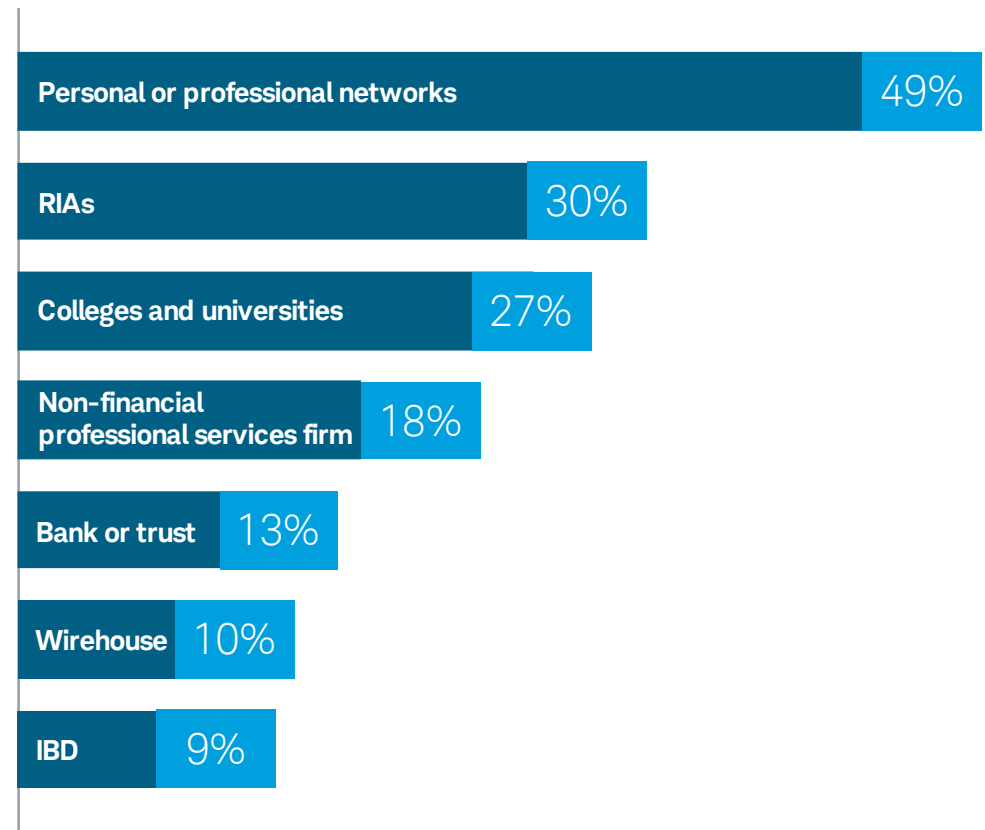
Firms that hired in 2020



Firms that planned to hire in 2021



Recruitment channels in 2020



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.



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



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



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.



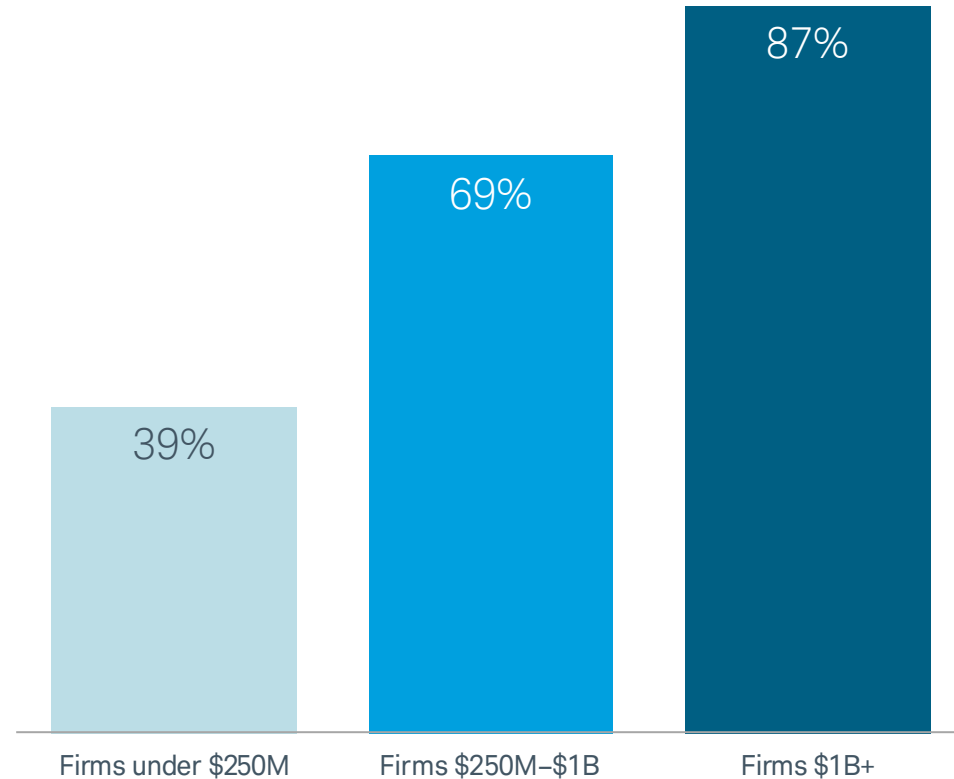
Providing career paths supports staff development and can increase satisfaction and build bench strength.



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.

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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

The 1,340 firms in the 2021 study represent over \$1.5 trillion in AUM

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

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.