

2022 RIA Benchmarking Study

July 2022

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The 2022 RIA Benchmarking Study



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.

“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*

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).

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 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

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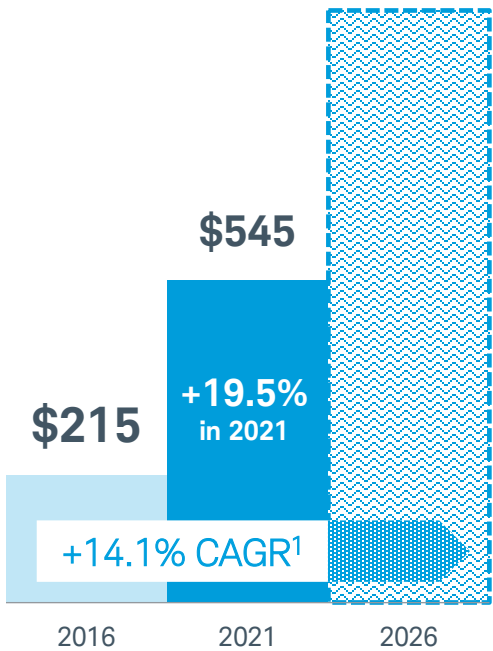


People are your
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RIA firms saw tremendous growth, despite a challenging environment.

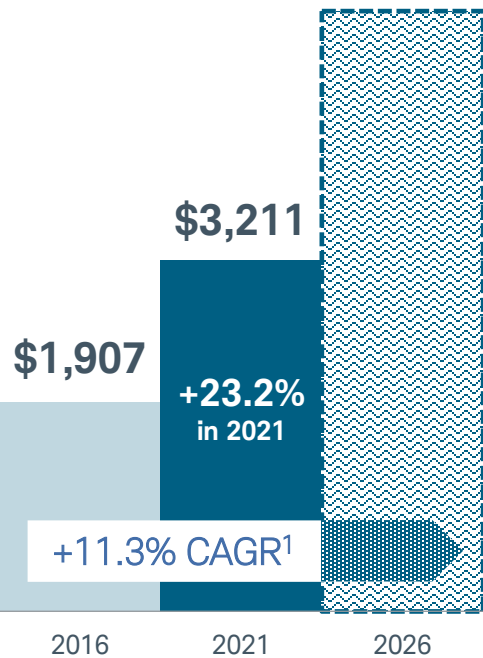
Assets under management

In millions

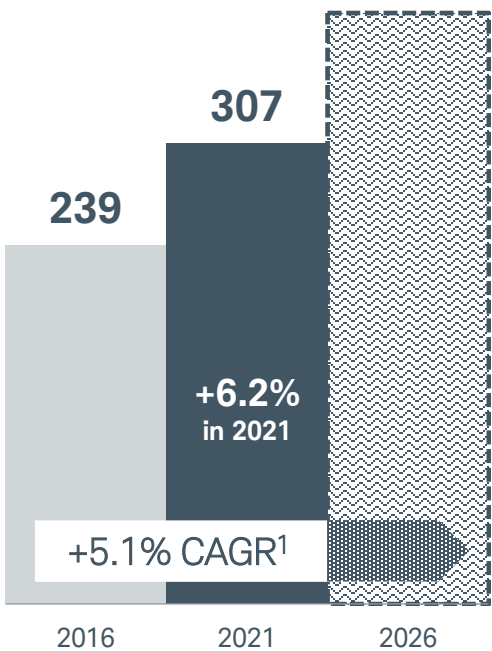


Revenue

In thousands



Clients

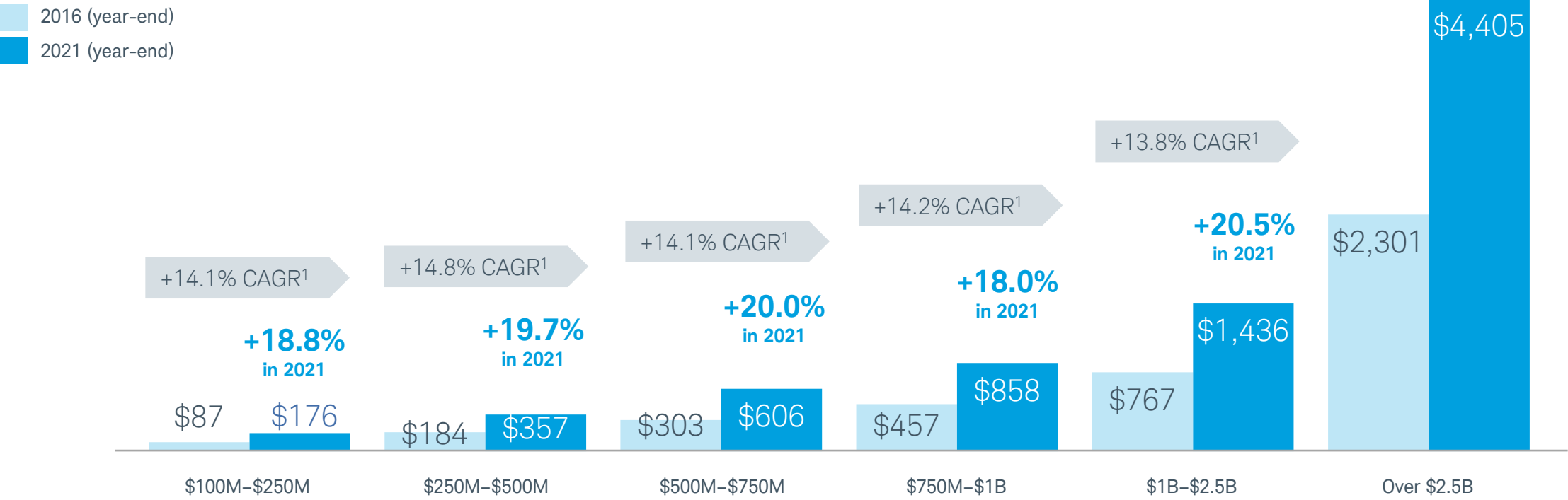


1 Median 5-year compound annual growth rate (CAGR) over the period from year-end 2016 through 2021 for all firms with \$25 million or more in AUM. Median results for all firms with \$25 million or more in AUM. Past performance is not an indicator of future results. 2022 RIA Benchmarking Study from Charles 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)

In millions
Median results by peer group



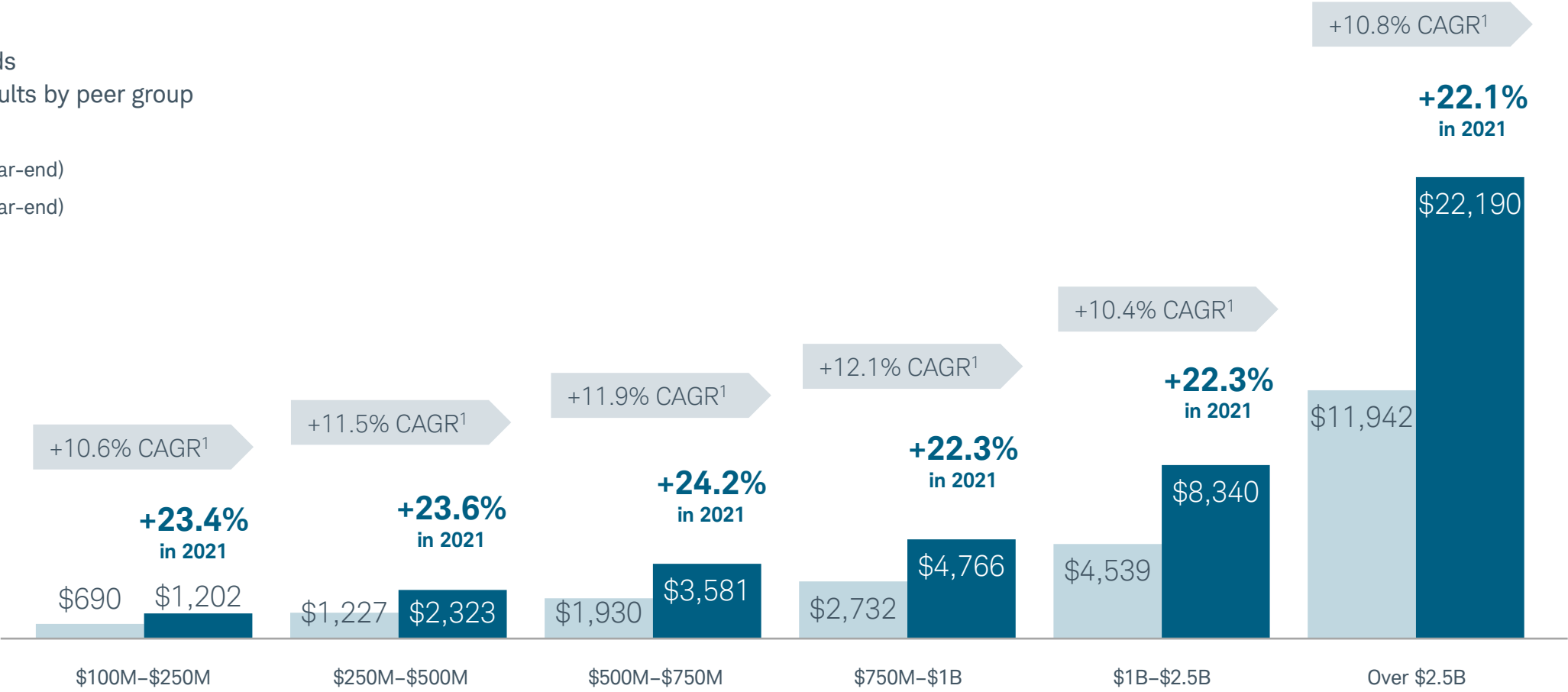
¹ Median 5-year AUM compound annual growth rate (CAGR) over the period from year-end 2016 through 2021.
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Strong client acquisition coupled with the previous year’s AUM performance drove strong revenue growth in 2021.

Revenue

In thousands
Median results by peer group

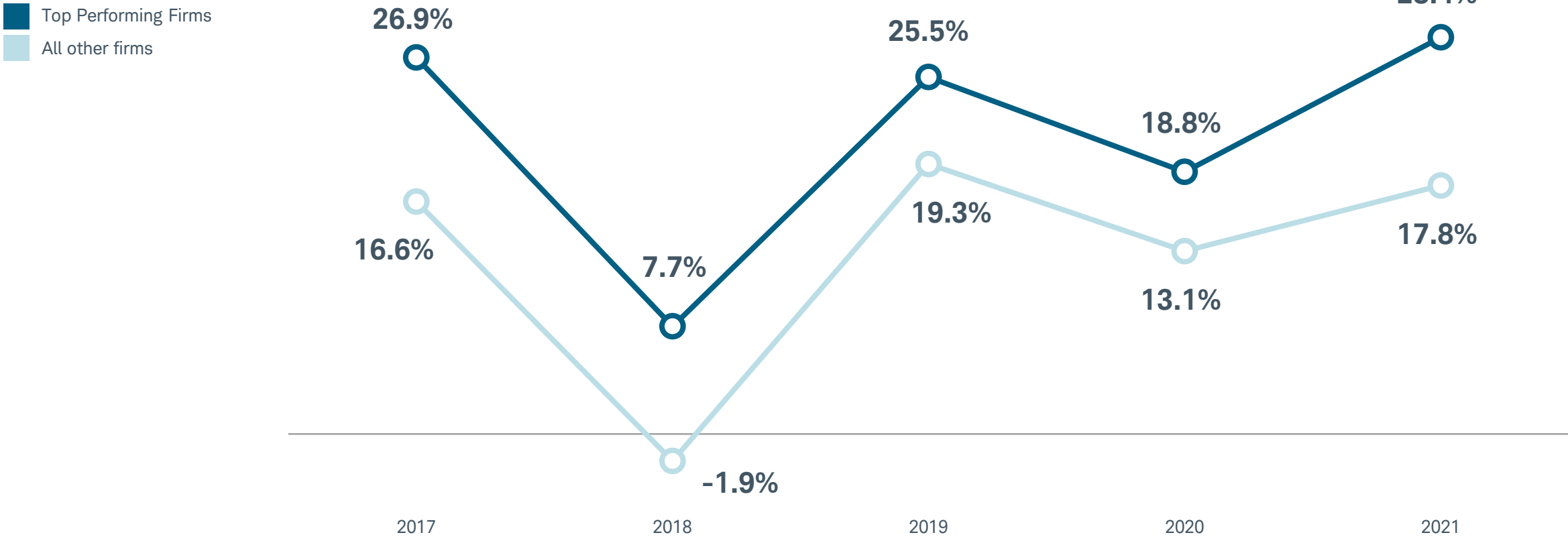
- 2016 (year-end)
- 2021 (year-end)



¹ Median 5-year revenue compound annual growth rate (CAGR) over the period from year-end 2016 through 2021.
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Top Performing Firms demonstrate more robust AUM growth than all other firms.

Median AUM Growth



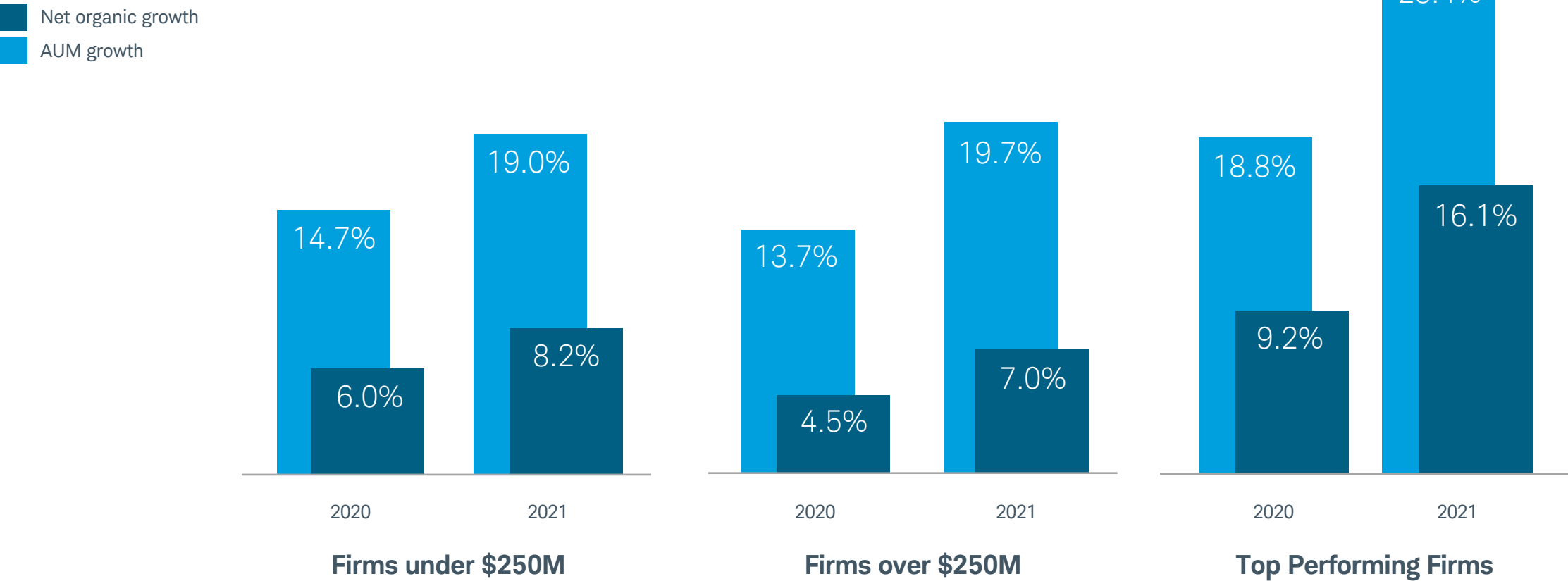
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Advisors continue to prioritize client acquisition, with recruiting new staff ranking as top priority for the first time in study's tenure.

Top strategic initiatives	Rank	
	2022	2021
Recruit staff to increase firm's skill set/capacity	1	2
Acquire new clients through client referrals	2	1
Acquire new clients through business referrals	3	4
Enhance strategic planning and execution	4	3
Improve productivity using process changes	5	7
Acquire new clients through digital channels	6	5

Organic growth reached a five-year high as clients and prospects are drawn to firms' value propositions.

Contribution of net organic asset growth to AUM growth



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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 actively seeking to bring on an advisor with a book of business



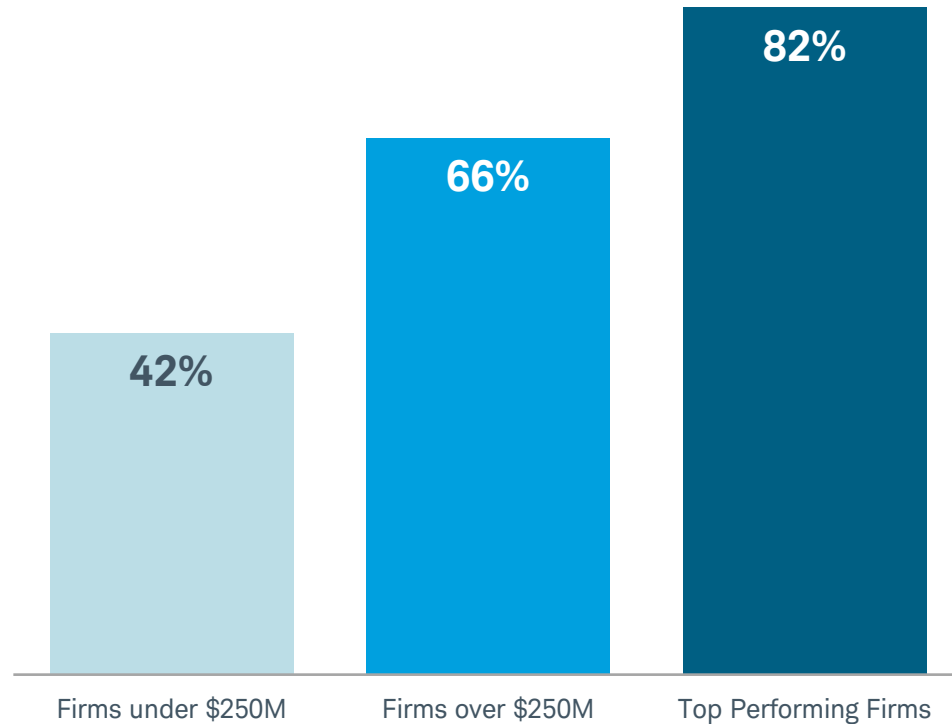
Firms actively seeking to bring on a principal with transferrable assets



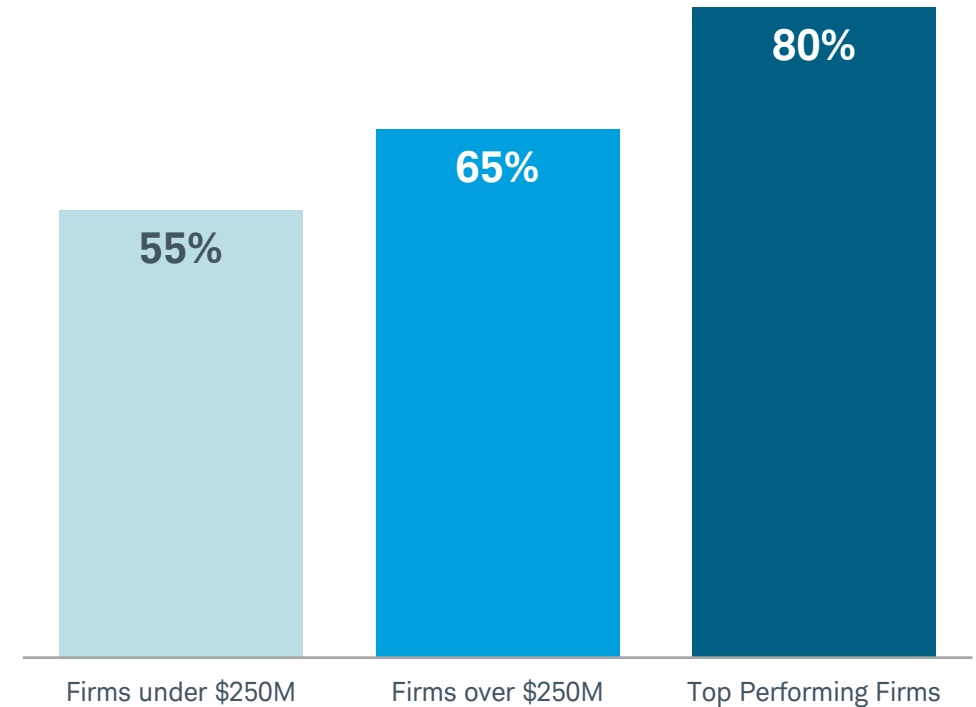
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Strategic and succession plans support firm performance and endurance, helping firms adapt to change.

Firms with written strategic plans



Firms with written succession plans



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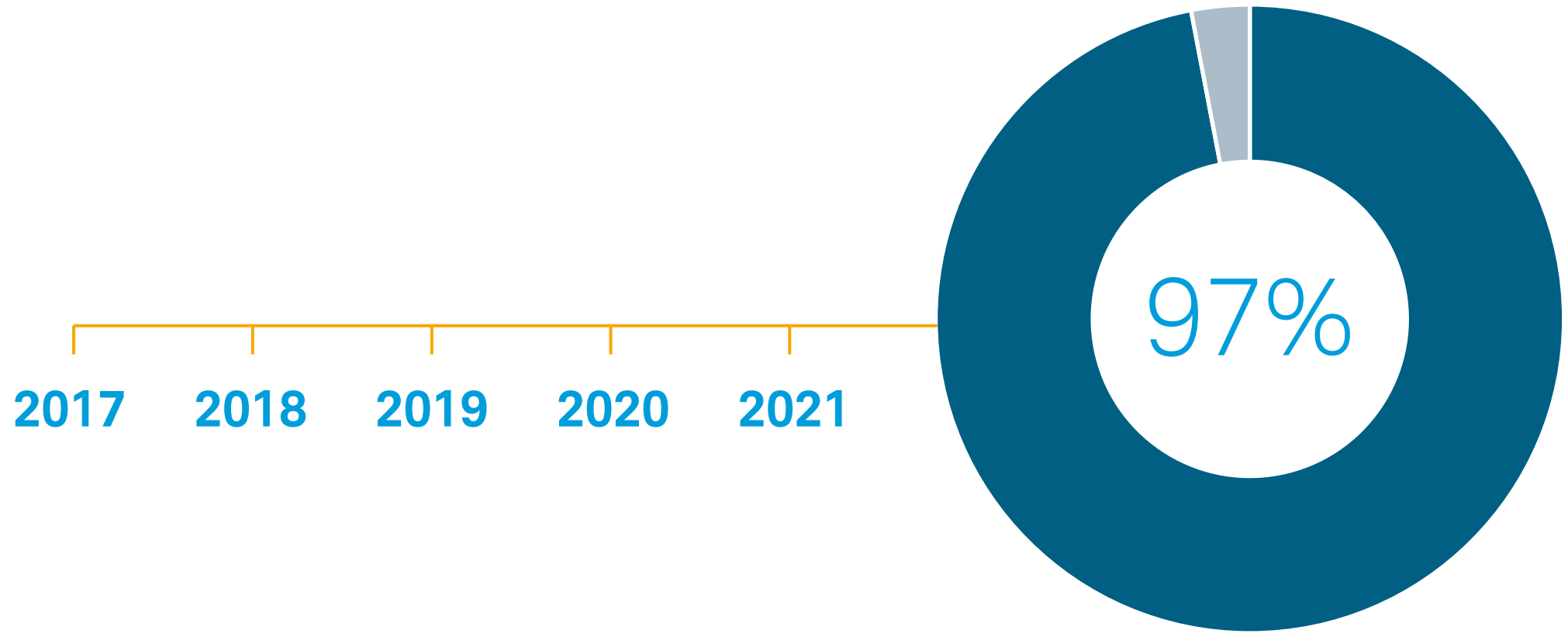


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Client retention remains consistently high, a testament to the RIA industry.



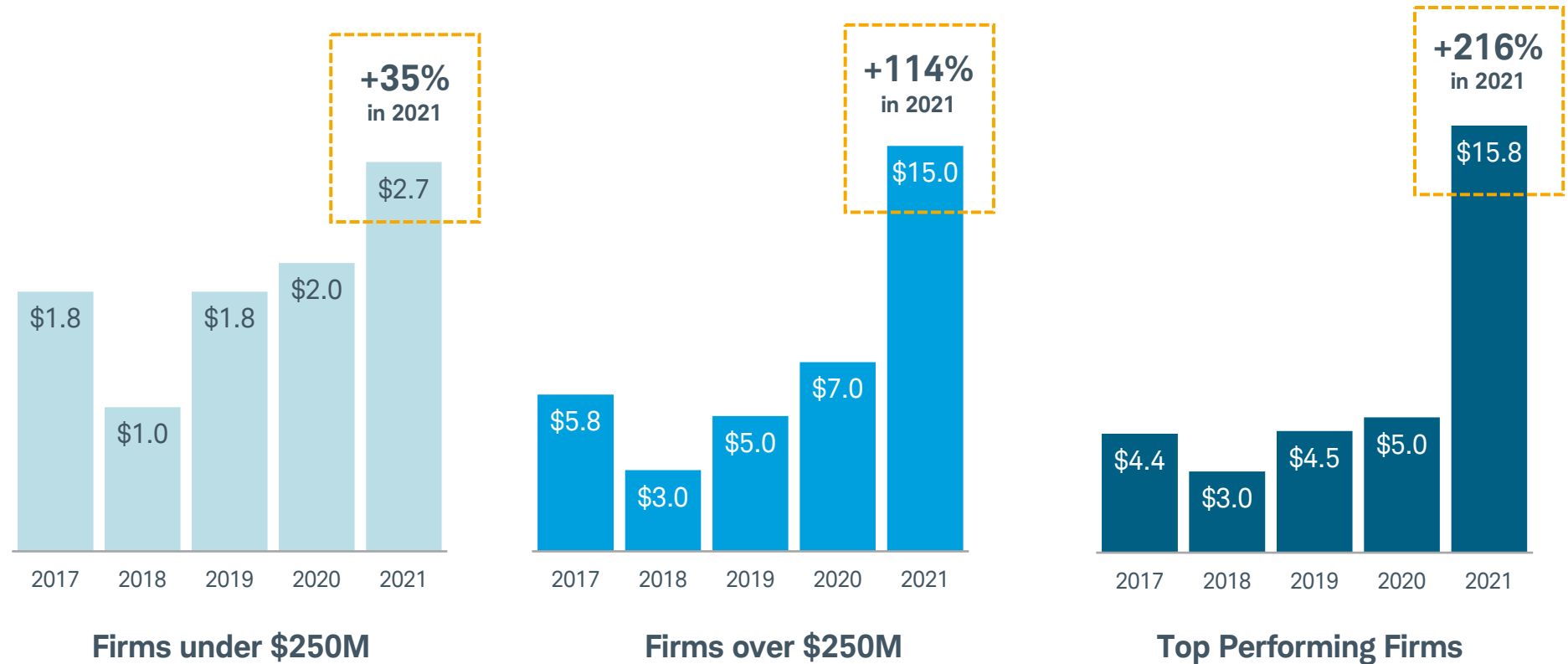
Client retention for firms across the study

Median results from the 2018, 2019, 2020, 2021, and 2022 RIA Benchmarking Study from Charles Schwab 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.

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.

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.

42%

More new clients
in 2021



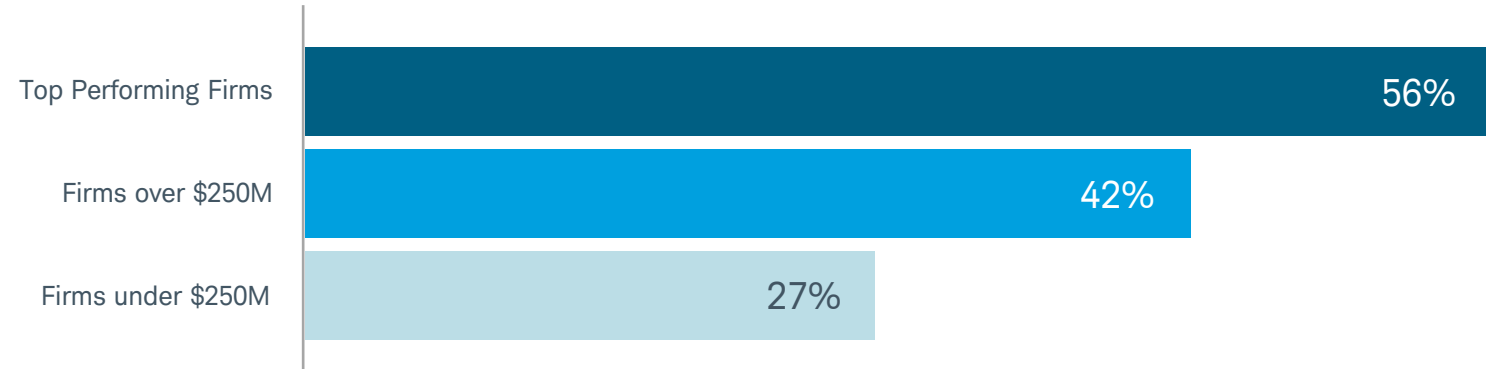
45%

More new client
assets in 2021



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

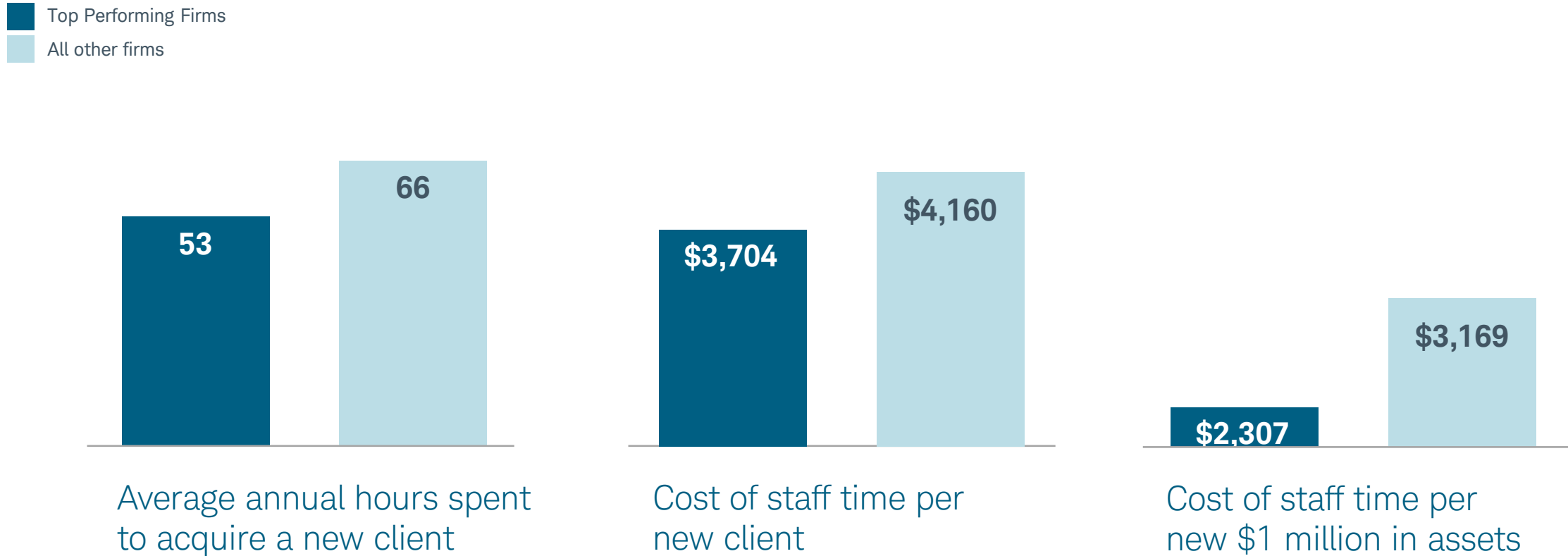


Average marketing and business development spend as a percent of revenue



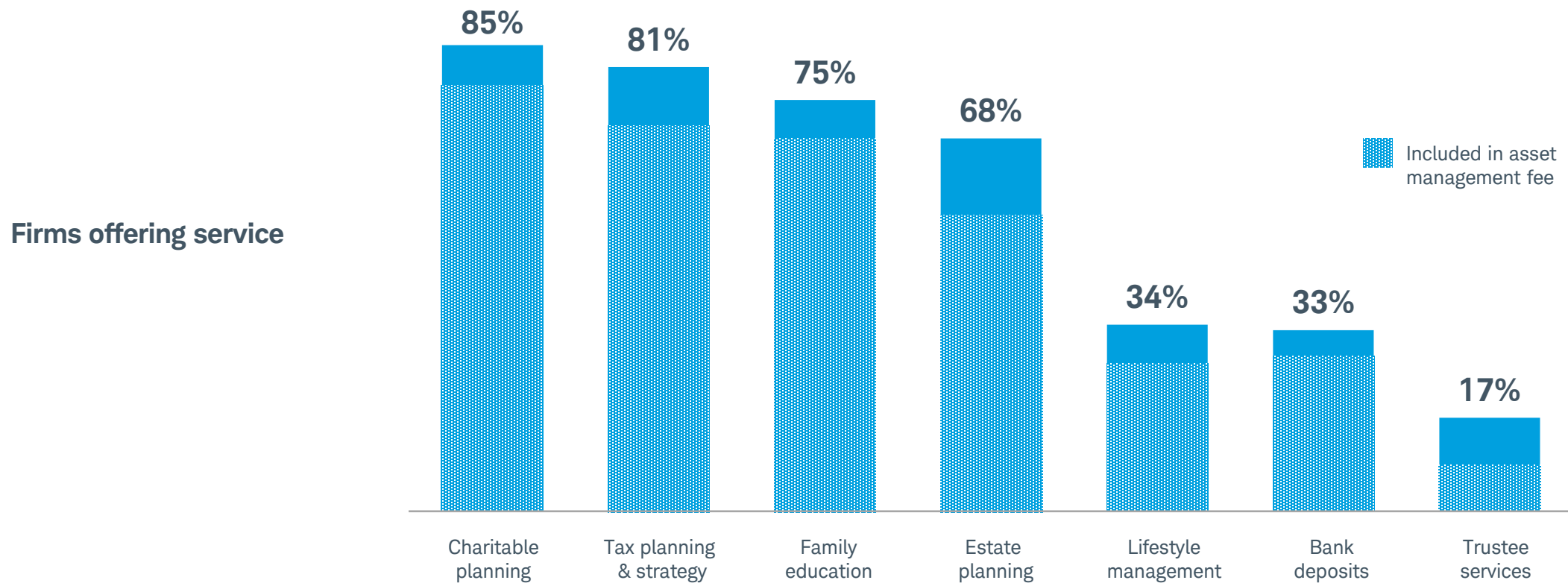
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Top Performing Firms are more efficient at business development, requiring less staff time to acquire new clients.



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Firms are offering specialized services to address ideal client needs, usually including them in the asset management fee.



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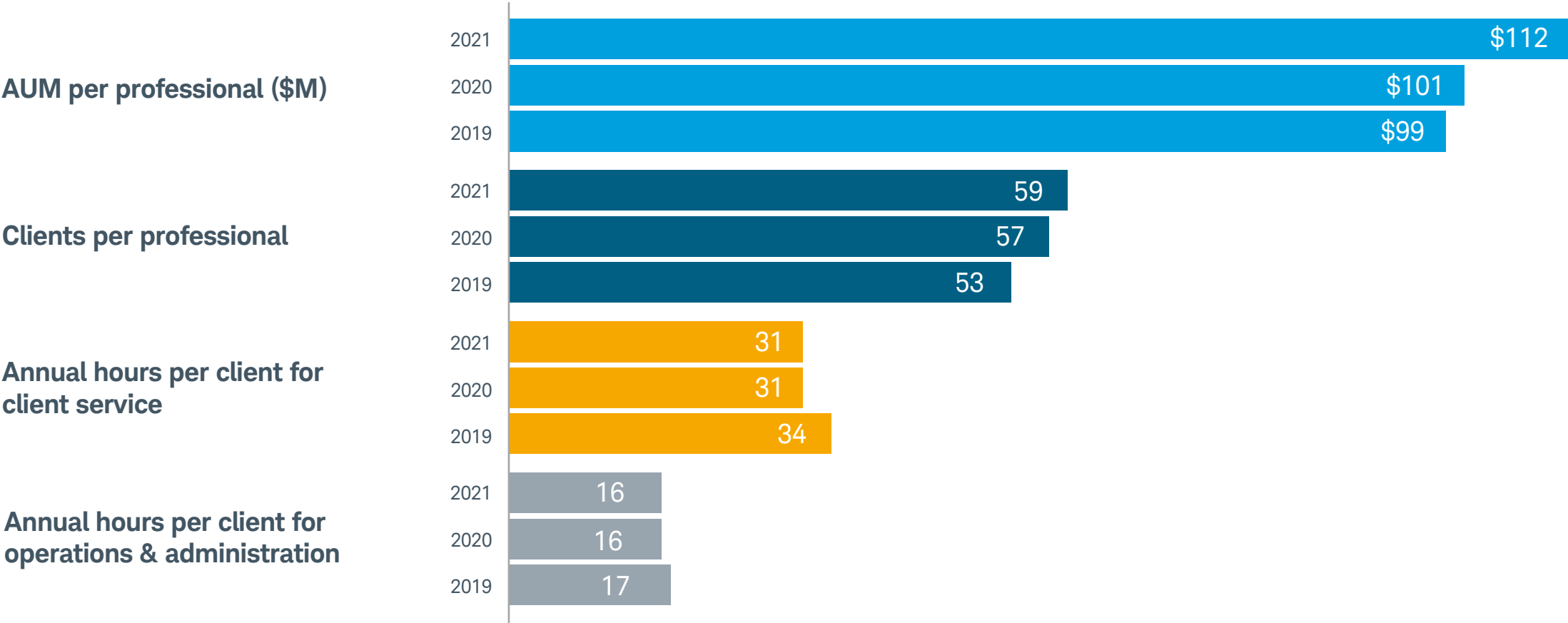


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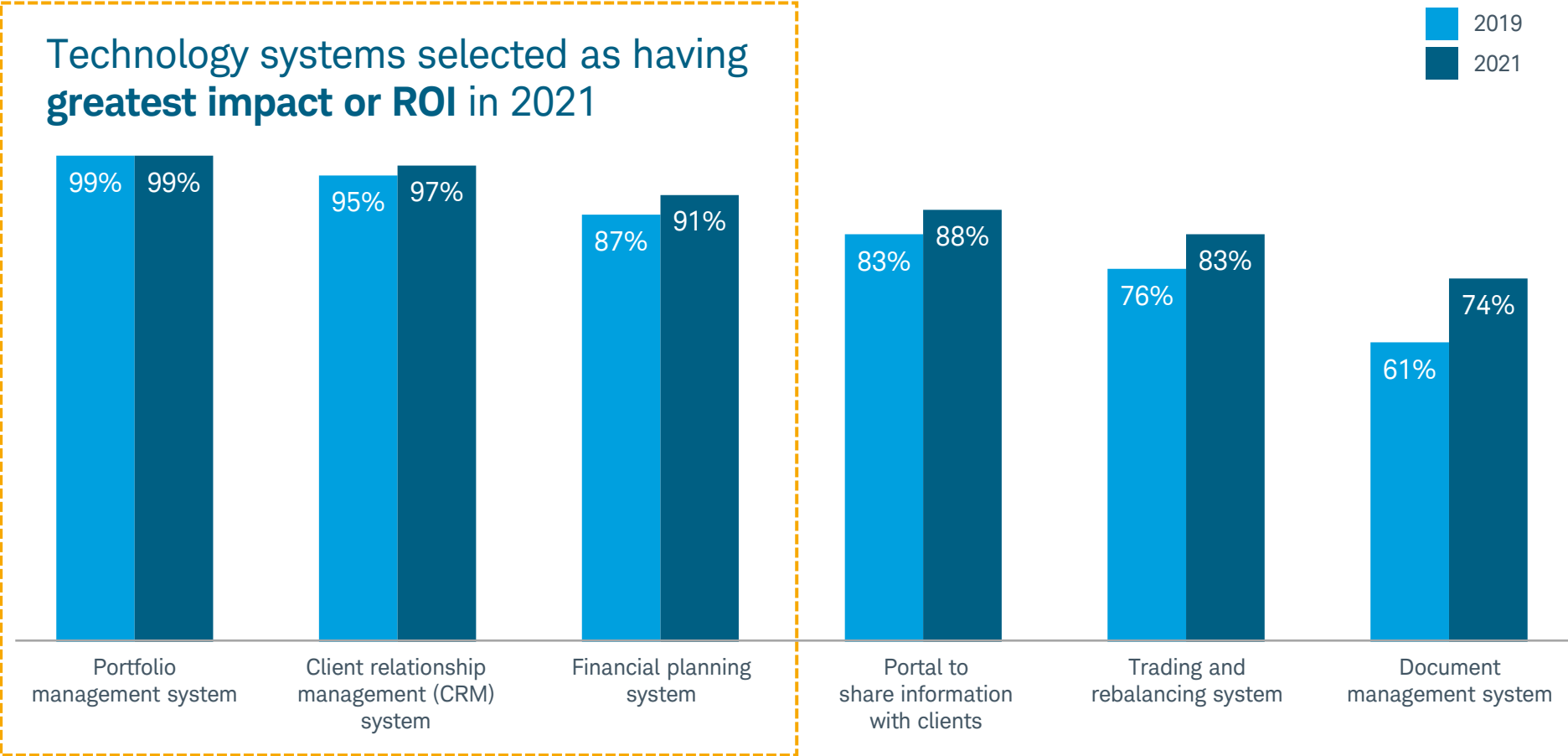
The leap in digital adoption during the pandemic led to productivity gains.



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.

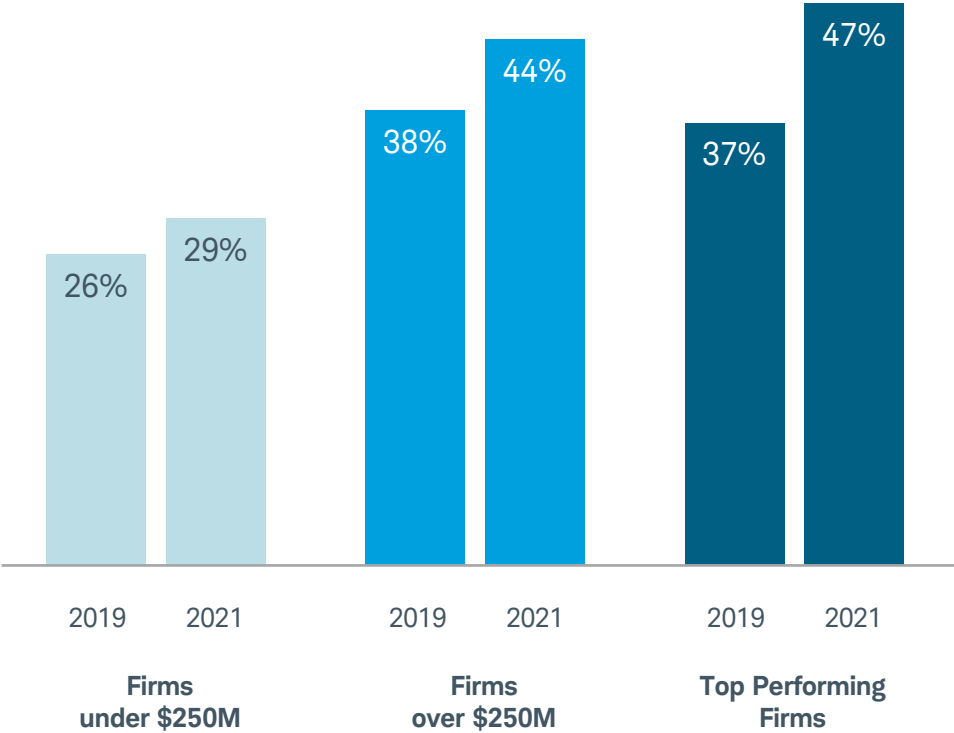
Firms using technology systems



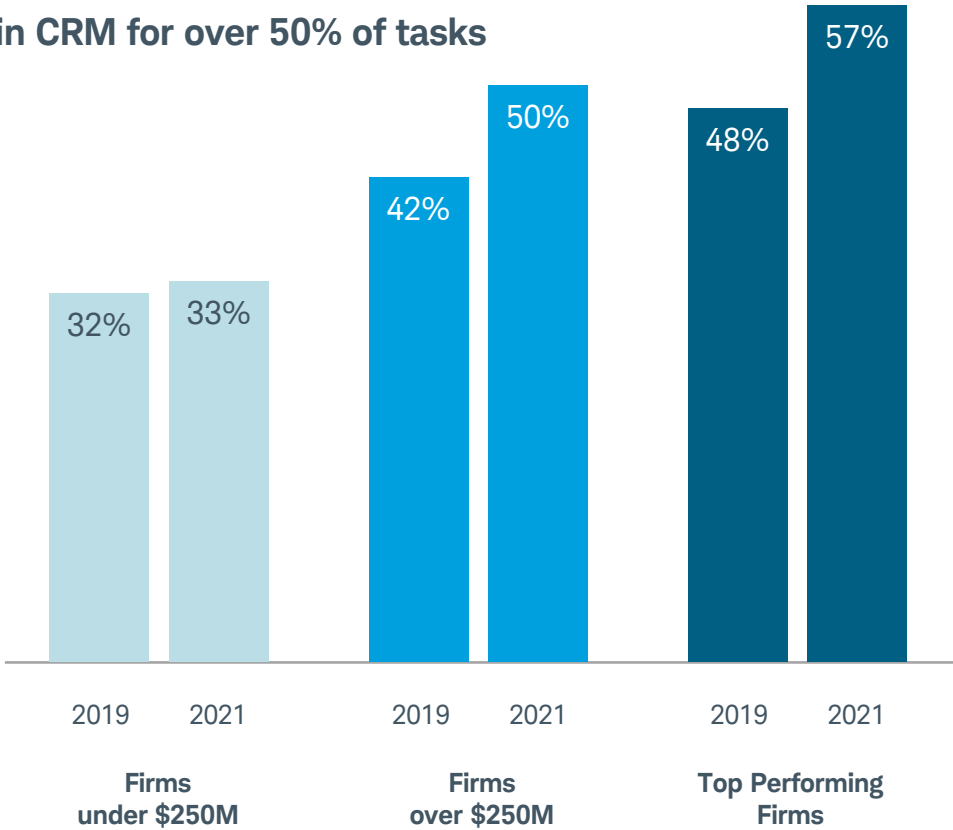
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Leveraging CRM systems can help serve clients more consistently and streamline communications.

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



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



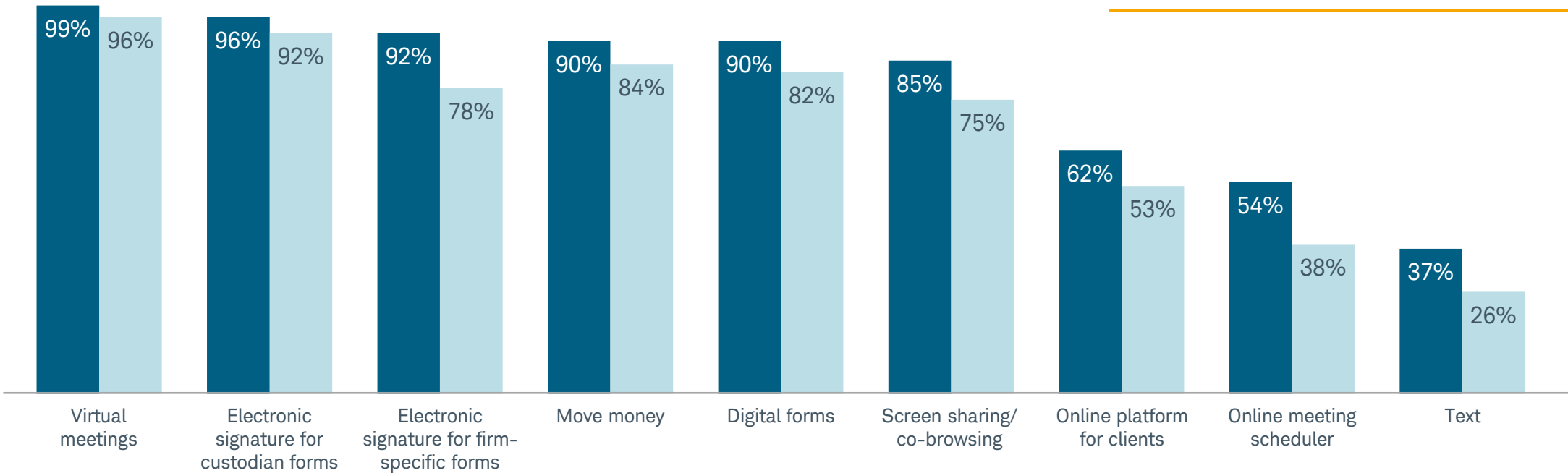
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Top Performing Firms implemented digital processes more often to drive operational efficiencies.

Firms that use digital processes and workflows

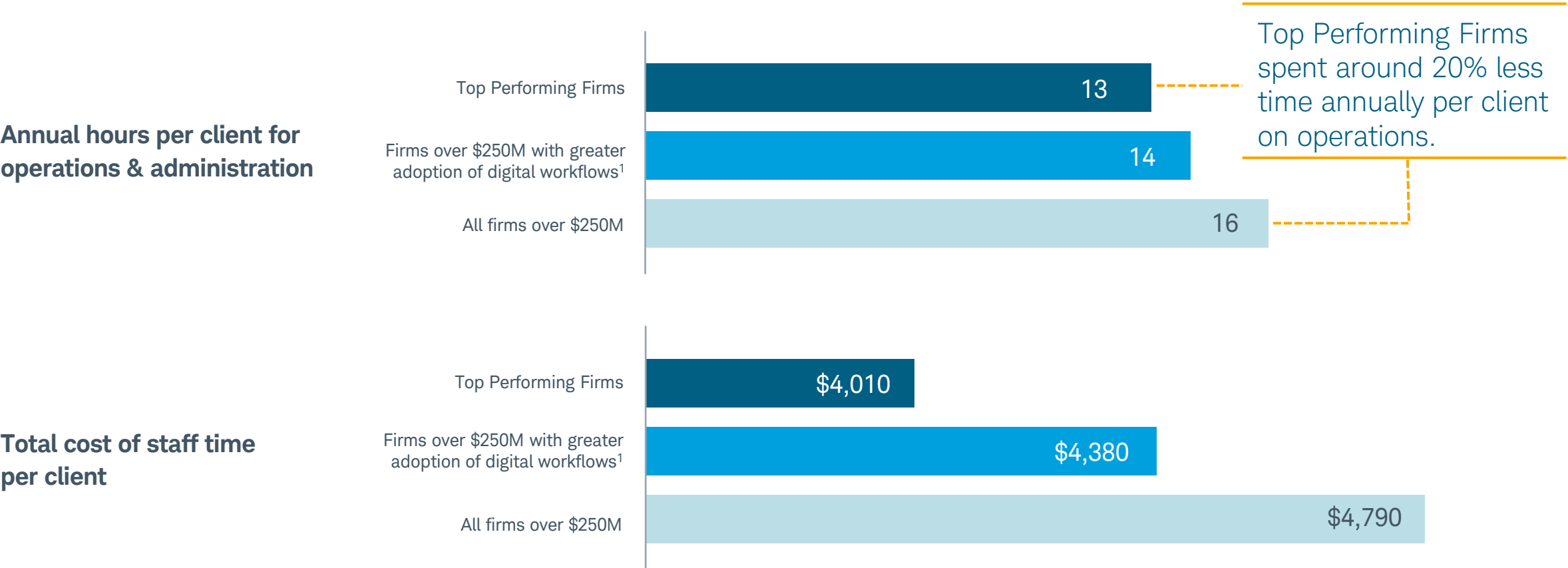
- Top Performing Firms
- All other firms

Over half of firms increased their usage of digital workflows in 2021¹



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.

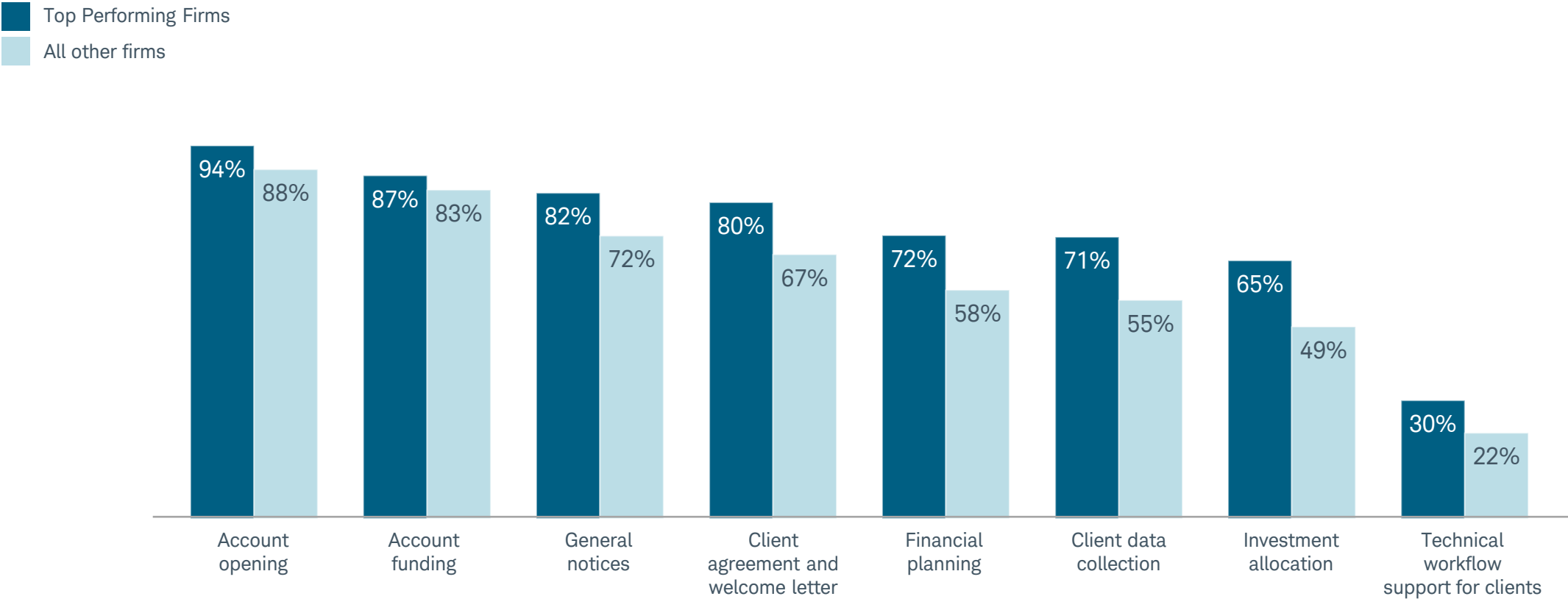
Operationally excellent firms spend less time on operations, leading to increased productivity.



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 1,218 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.

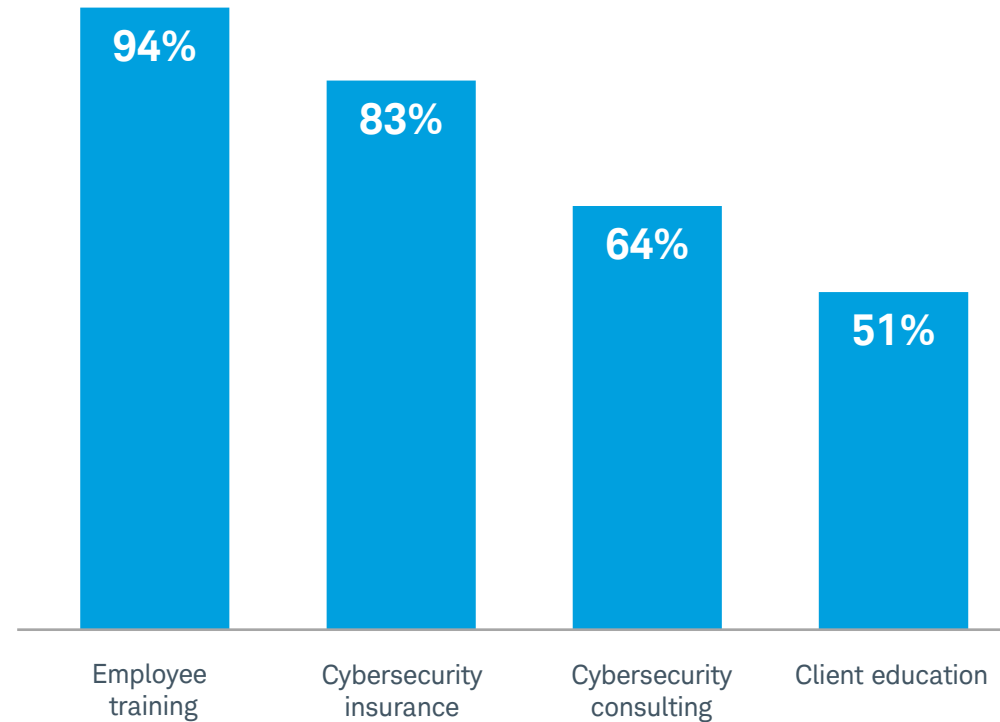
Firms that use digital client onboarding workflows



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Advisors are strengthening their cybersecurity programs to protect their clients and firms.

Firms with cybersecurity activity implemented



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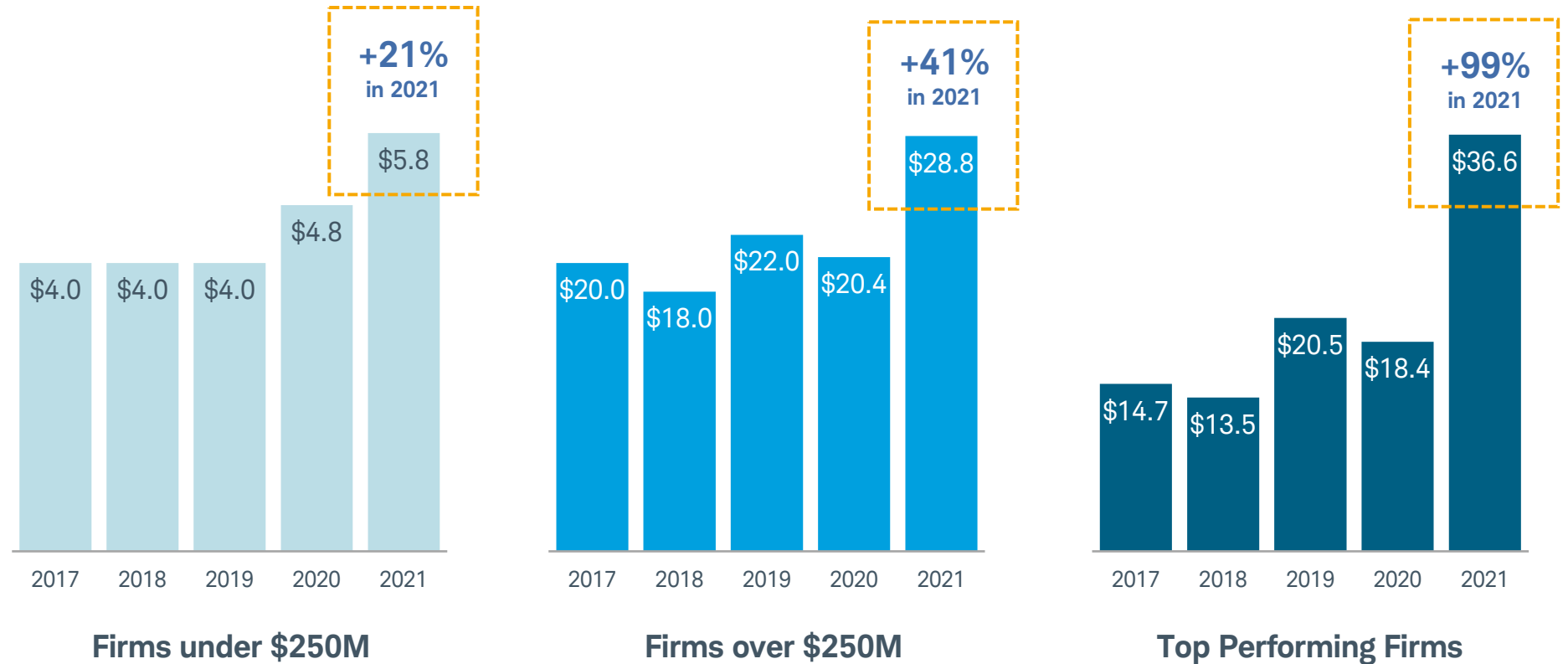


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Firms continued their culture of growth in 2021, using a variety of tactics to drive new client acquisition.

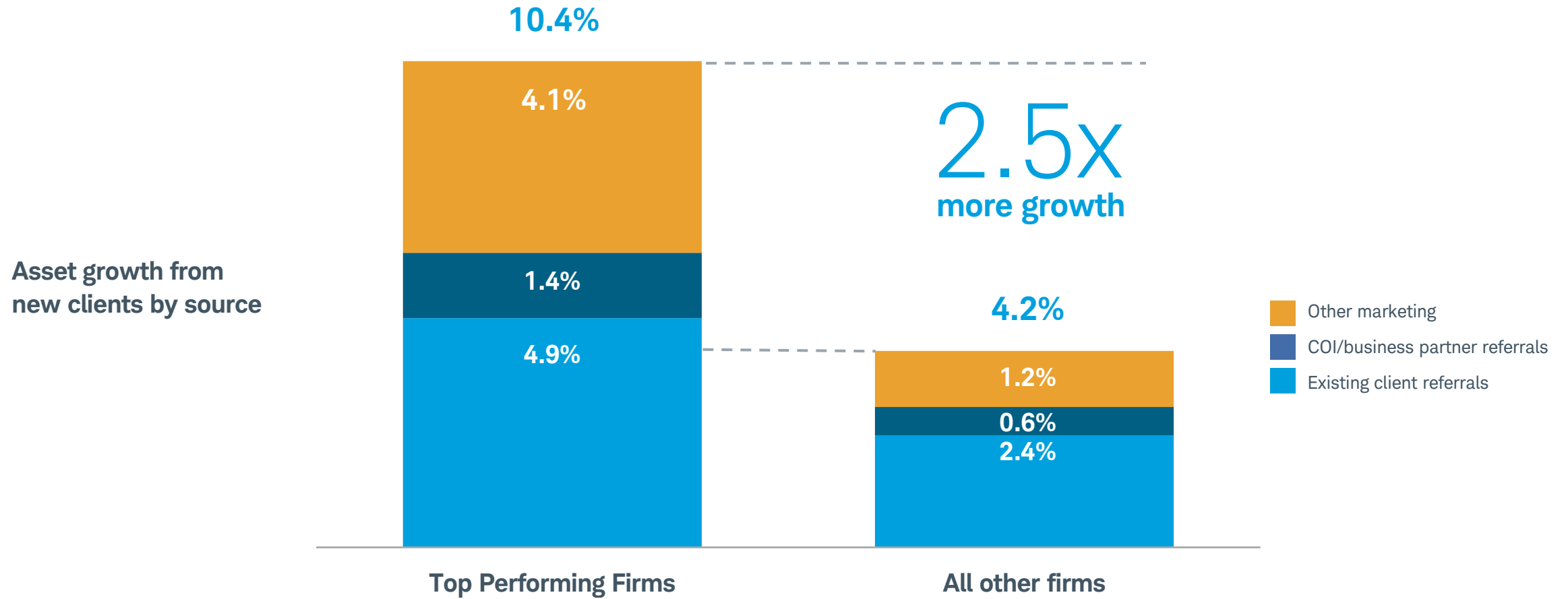
Assets from new clients

In millions



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Top Performing Firms saw 2.5x the growth in assets from new clients, driven by their marketing and client referrals.



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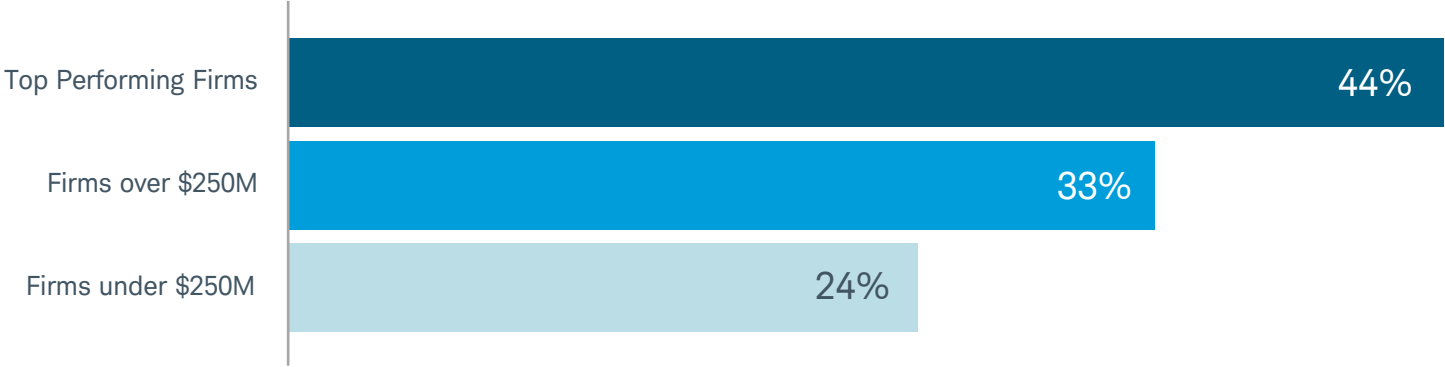
The 5-year CAGRs for Top Performing Firms indicate successful long-term strategies.

	Top Performing Firms	All other firms	Multiple
5-year net asset flows CAGR	15.3%	4.9%	3.1x
5-year revenue CAGR	20.1%	10.2%	2.0x
5-year client CAGR	10.9%	4.0%	2.7x
Number of new clients in 2021	28	17	1.6x
Assets from new clients in 2021	\$36.6 million	\$15.0 million	2.4x
New revenue per professional in 2021	\$80,000	\$46,000	1.7x

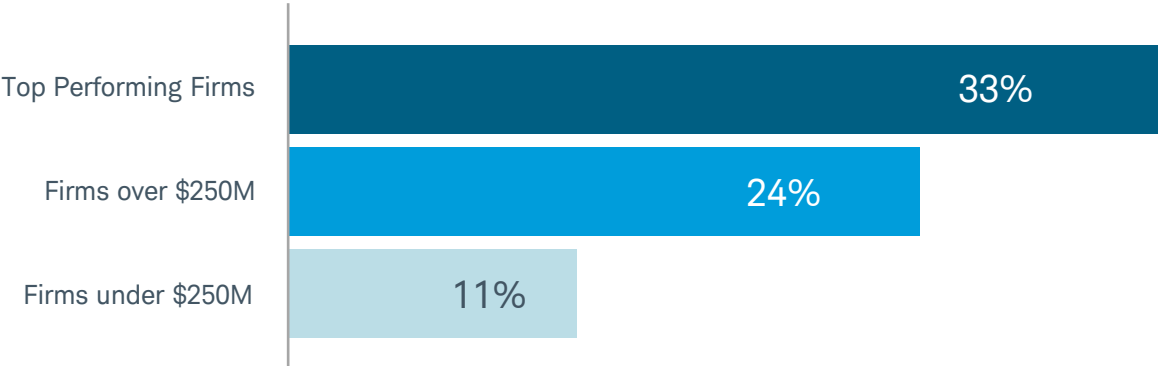
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Referrals account for a majority of new clients, yet fewer than half of firms document referral plans.

Firms with a documented referral plan for existing clients



Firms with a documented referral plan for business partners



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Firms with referral plans achieved stronger results from those channels in 2021 than firms without referral plans.

Firms with existing client referral plans

1.5x **more new clients**
generated from existing
client referrals

1.6x **more new client assets**
generated from existing
client referrals

Firms with business partner referral plans

2.5x **more new clients**
generated from business
partner referrals

6.2x **more new client assets**
generated from business
partner referrals

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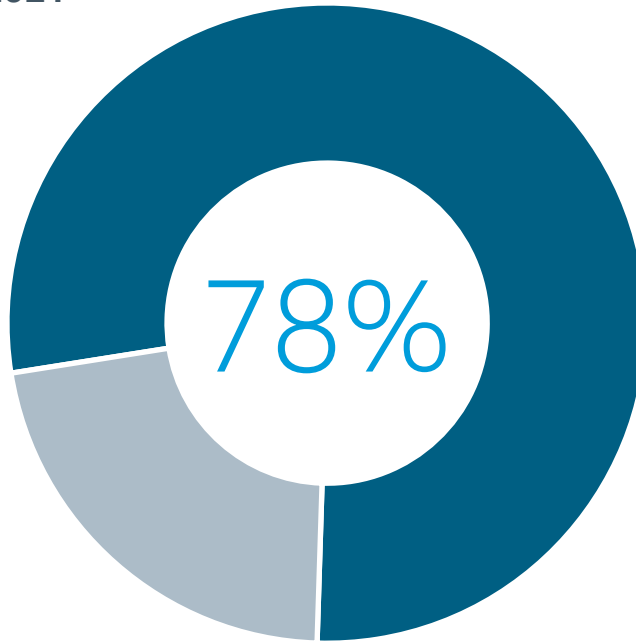
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Recruiting staff ranked as the top priority for the first time in the 2022 study.

Firms that hired in 2021



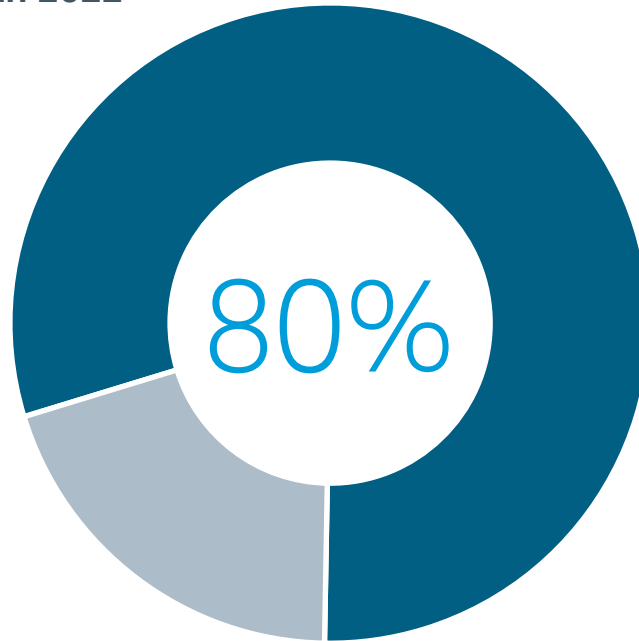
Median firm hired **3 staff** in 2021.

2 of these staff were for **new positions** at the firm.

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

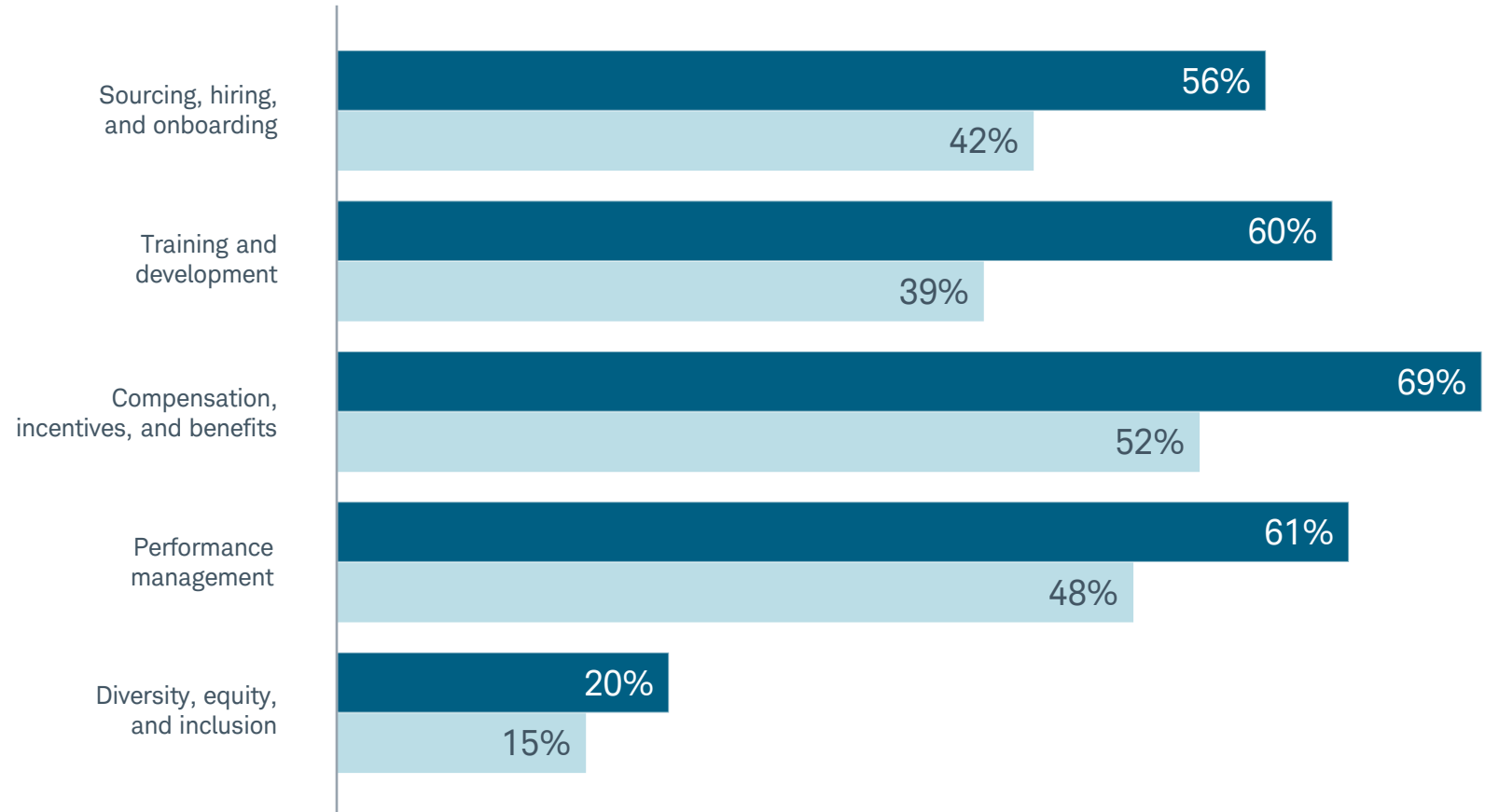
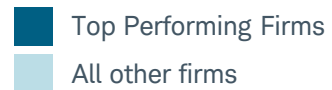


Median firm will need to hire **6 new roles** over next five years.

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.

Firms with documented talent strategy processes



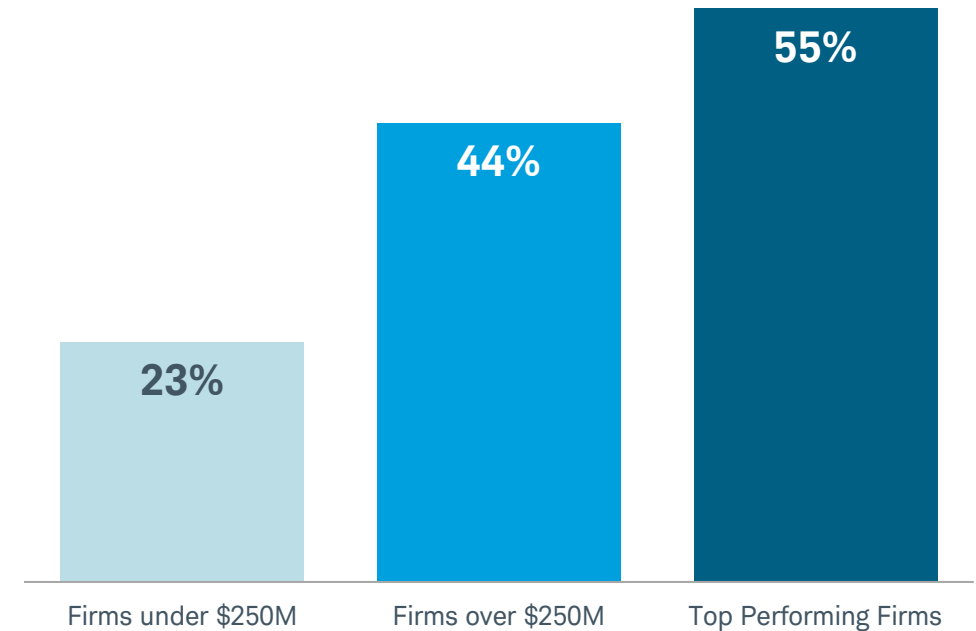
Results for Top Performing Firms and all other firms. Top Performing Firms are those that rank in the top 20% of the Firm Performance Index. The index evaluates all firms in the study according to 15 metrics to arrive at a holistic assessment of each firm's performance across key business areas. Past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

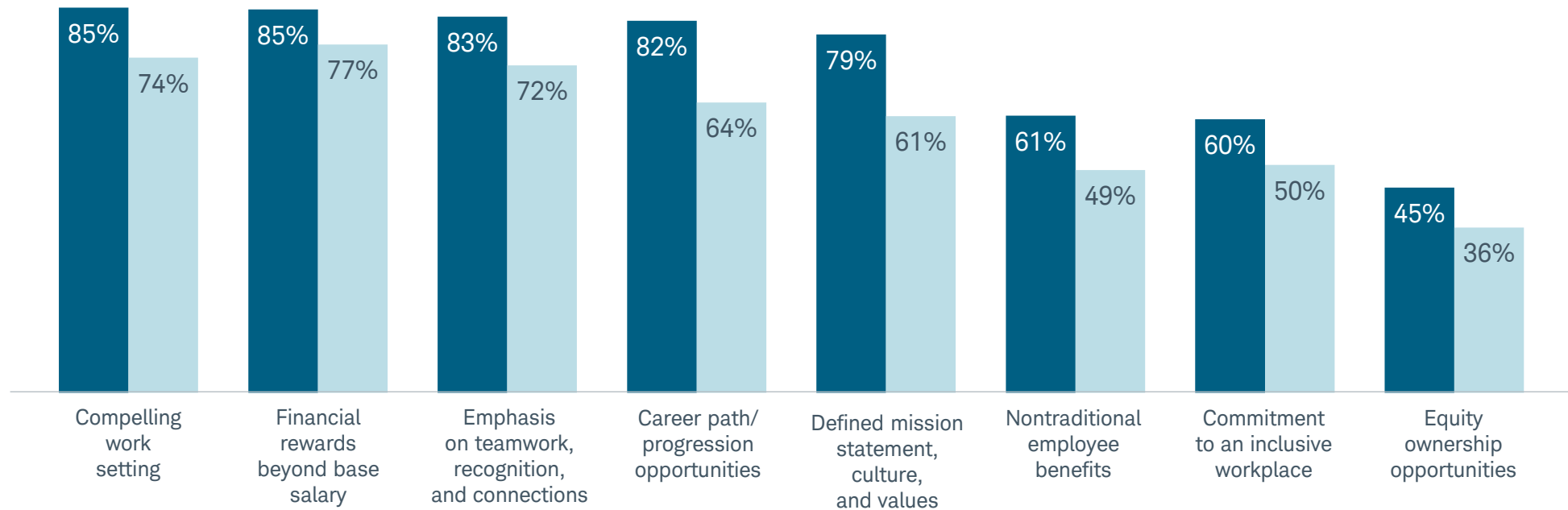
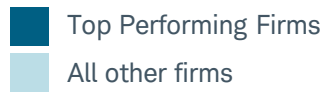
An EVP is a set of offerings the firm provides to staff in return for the skills and experiences employees bring to the firm.



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While the median firm includes 7 elements to support their EVP, the median Top Performing Firm includes 8.

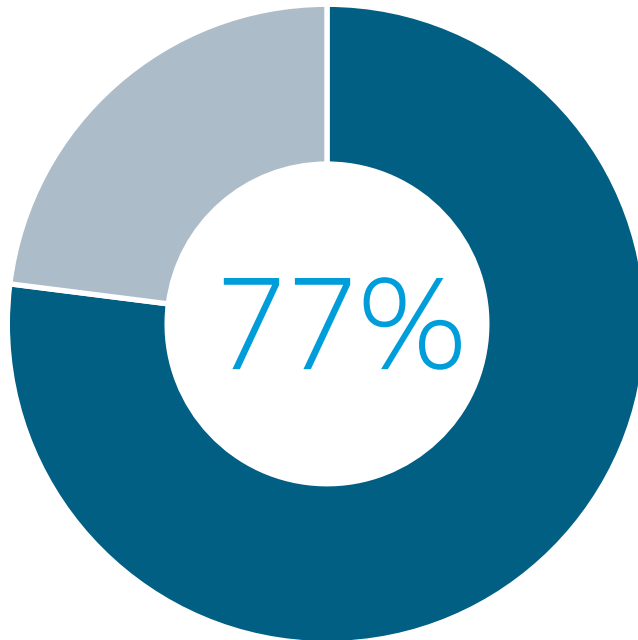
Elements firms include in their employee value proposition



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 compensation¹ in 2021 across all roles



Base salary as a percent of total cash compensation¹ in 2021 by role type²

REVENUE ROLES

69%

NON-REVENUE ROLES

87%

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.

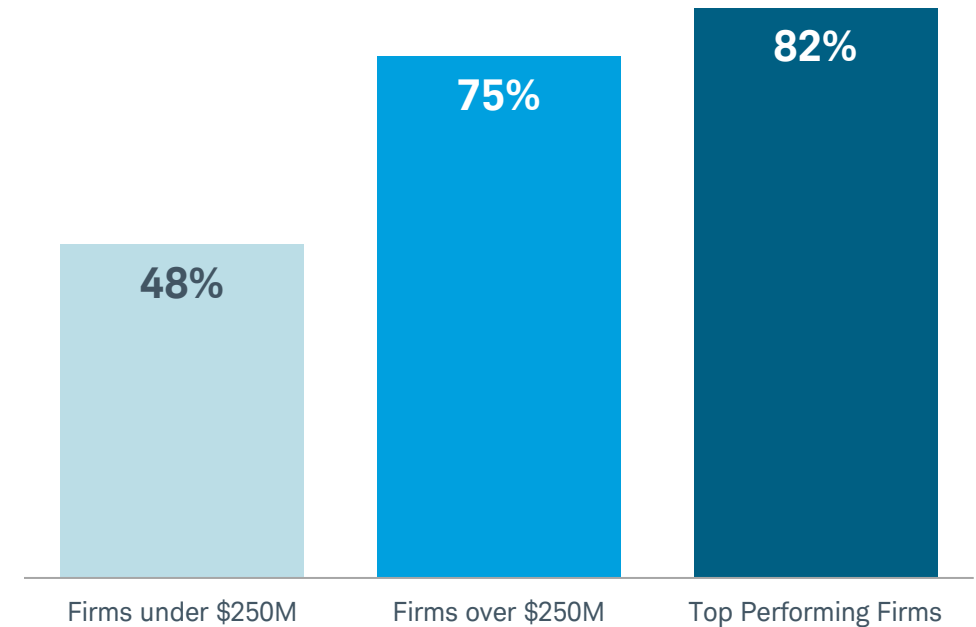
Past performance is not an indicator of future results. 2022 RIA Benchmarking Study from Charles Schwab, fielded January to March 2022. Study contains self-reported data from 1,218 firms for the main study and 971 firms for the compensation section.

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 in 3 firms promoted staff internally in 2021¹

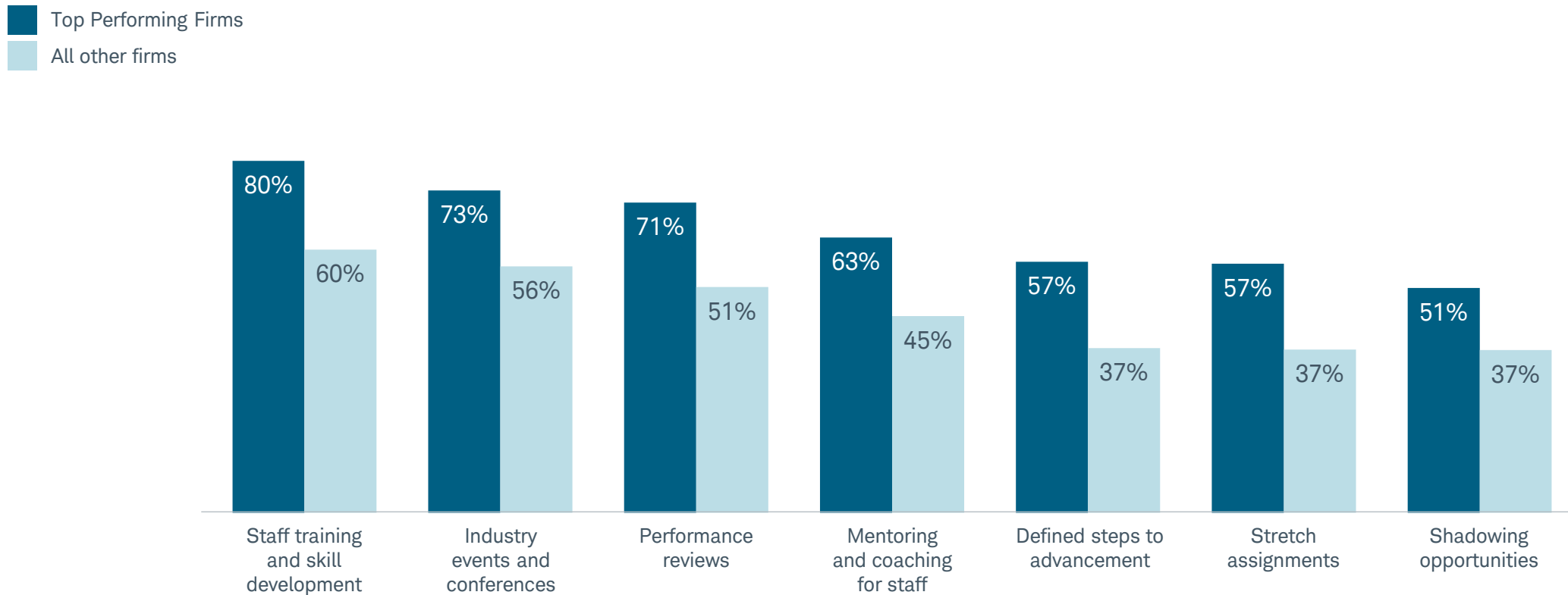


¹ Results for all firms with \$25 million or more in AUM.

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.

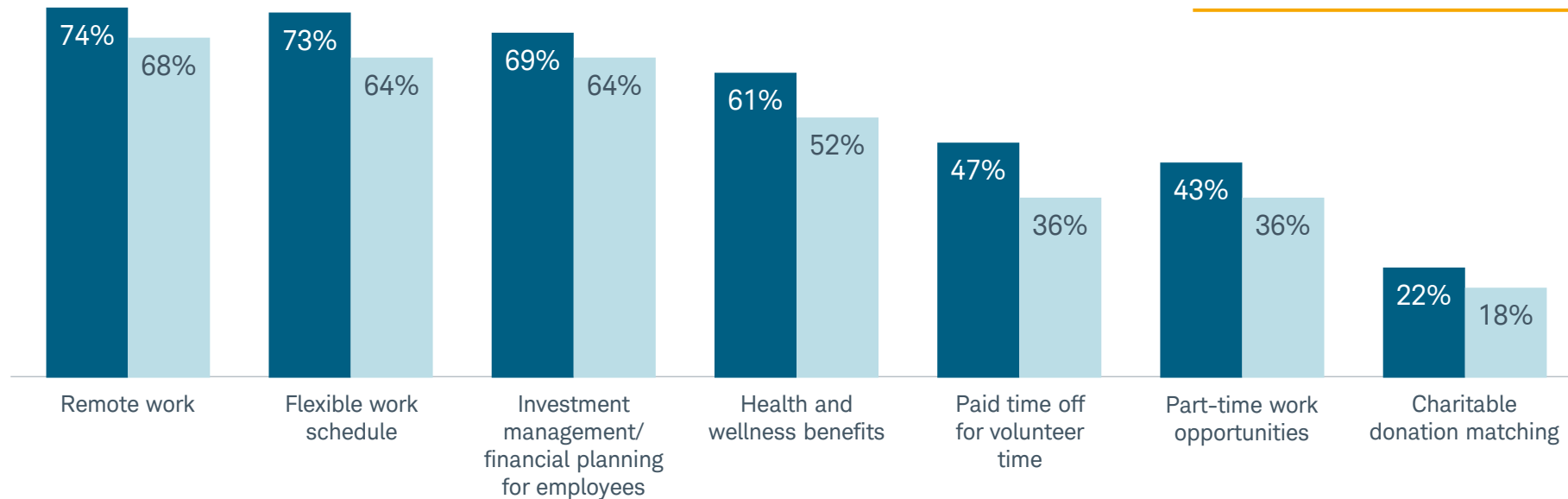
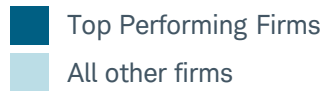
Firms offering professional development support



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



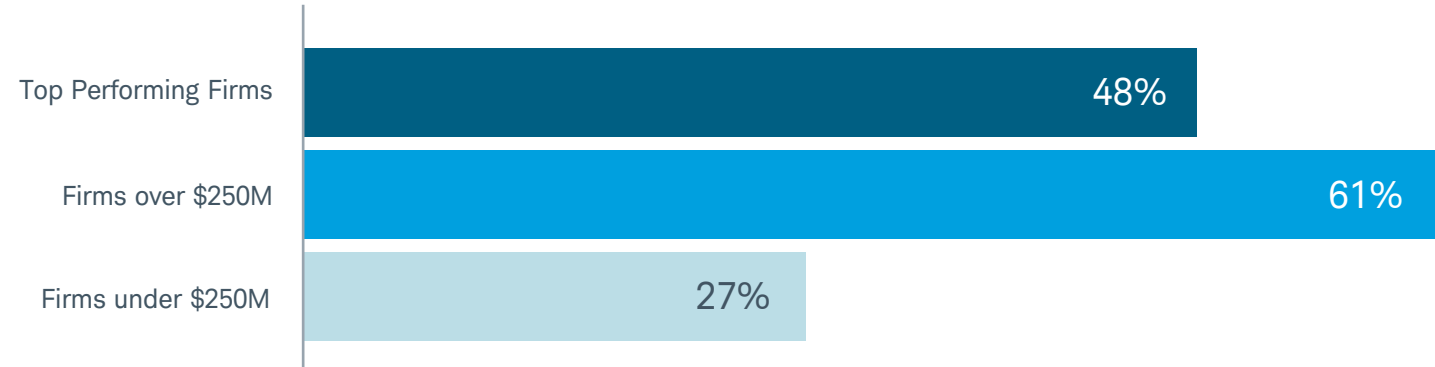
Median number of nontraditional benefits offered:

Top Performing Firms = 5

All other firms = 4

Minimizing staff attrition helps ensure stability in business management and client relationships.

Firms with staff departures



Median staff attrition rate



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

Methodology and disclosures

- 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.

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Overview by peer group

Metrics (median)	Peer Groups							
	Firms under \$250M	Firms over \$250M	\$100M-\$250M	\$250M-\$500M	\$500M-\$750M	\$750M-\$1B	\$1B-\$2.5B	Over \$2.5B
2021 ending AUM (\$M)	\$138	\$830	\$176	\$357	\$606	\$858	\$1,436	\$4,405
5-year AUM CAGR ¹	14.4%	13.9%	14.1%	14.8%	14.1%	14.2%	13.8%	12.2%
2021 organic growth ² (\$M)	\$9	\$39	\$11	\$24	\$36	\$41	\$79	\$192
5-year organic growth ² CAGR ¹	7.6%	6.1%	7.1%	7.0%	7.6%	4.9%	5.9%	4.3%
2021 revenues (\$K)	\$942	\$4,479	\$1,202	\$2,323	\$3,581	\$4,766	\$8,340	\$22,190
5-year revenue CAGR ¹	11.6%	11.3%	10.6%	11.5%	11.9%	12.1%	10.4%	10.8%
2021 ending number of clients	132	412	154	269	332	388	685	1,411
5-year client CAGR ¹	4.7%	5.1%	4.6%	4.8%	5.9%	5.1%	5.1%	5.1%
2021 assets per client (\$M)	\$1.05	\$2.11	\$1.17	\$1.51	\$1.80	\$2.45	\$3.19	\$4.86
Total staff	3	11	4	7	9	12	18	54

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.