

2021 RIA Benchmarking Study Insights

With insights for firms up
to \$100M in assets

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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 focuses specifically on firms with up to \$100 million in assets and 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.

Data collected from January – March 2021.

“Firms with up to \$100 million in assets under management realized a greater contribution from organic growth. To support this, they've invested in their tech stacks to enhance the client experience and their productivity.”



Lisa Salvi
Managing Director
Business Consulting and Education

Key Highlights

Firms saw strong organic growth and adopted technology to support the client experience.

These fast-growing firms continued to see positive results in a year of change.

- Firms with up to \$100M in assets under management (AUM) excelled in growth from new and existing clients in 2020. Net organic growth for firms of this size was a greater contributor to their overall AUM growth than larger firms. (Slide 8)
- These firms also saw incredibly strong five-year compound annual growth rates for revenue and AUM. (Slides 5 and 6)
- Their strategic initiatives reflect this focus on growth, with acquiring new clients through client referrals ranking number one. And these firms focused on acquiring clients through digital channels, ranking as the number two priority, the highest ranking seen for this initiative compared to other peer groups. (Slide 4)

These firms have invested in technology and look to recruit staff to support their growth.

- More firms with up to \$100M in AUM report using key technologies to enhance productivity and support the client experience—about 70% more firms use a document management system and trading and rebalancing system, and almost 40% more firms use a portal to share information with clients compared to five years ago. (Slide 18)
- Recruiting staff to increase the firm's skillset and capacity has risen in importance even though only 25% of smaller firms saw staff departures last year. (Slides 4 and 27)

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 for firms up to \$100M	Rank	
	2021	2020
Acquire new clients through client referrals	1	1
Acquire new clients through digital channels	2	6
Improve satisfaction for existing clients	3	2
Improve productivity using process changes	4	5
Recruit staff to increase firm's skill set/capacity	4	9
Acquire new clients through business referrals	6	3

Results for all firms with up to \$100 million 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.



Last year's AUM growth rate exceeded the 5-year annualized growth rates for all peer groups.

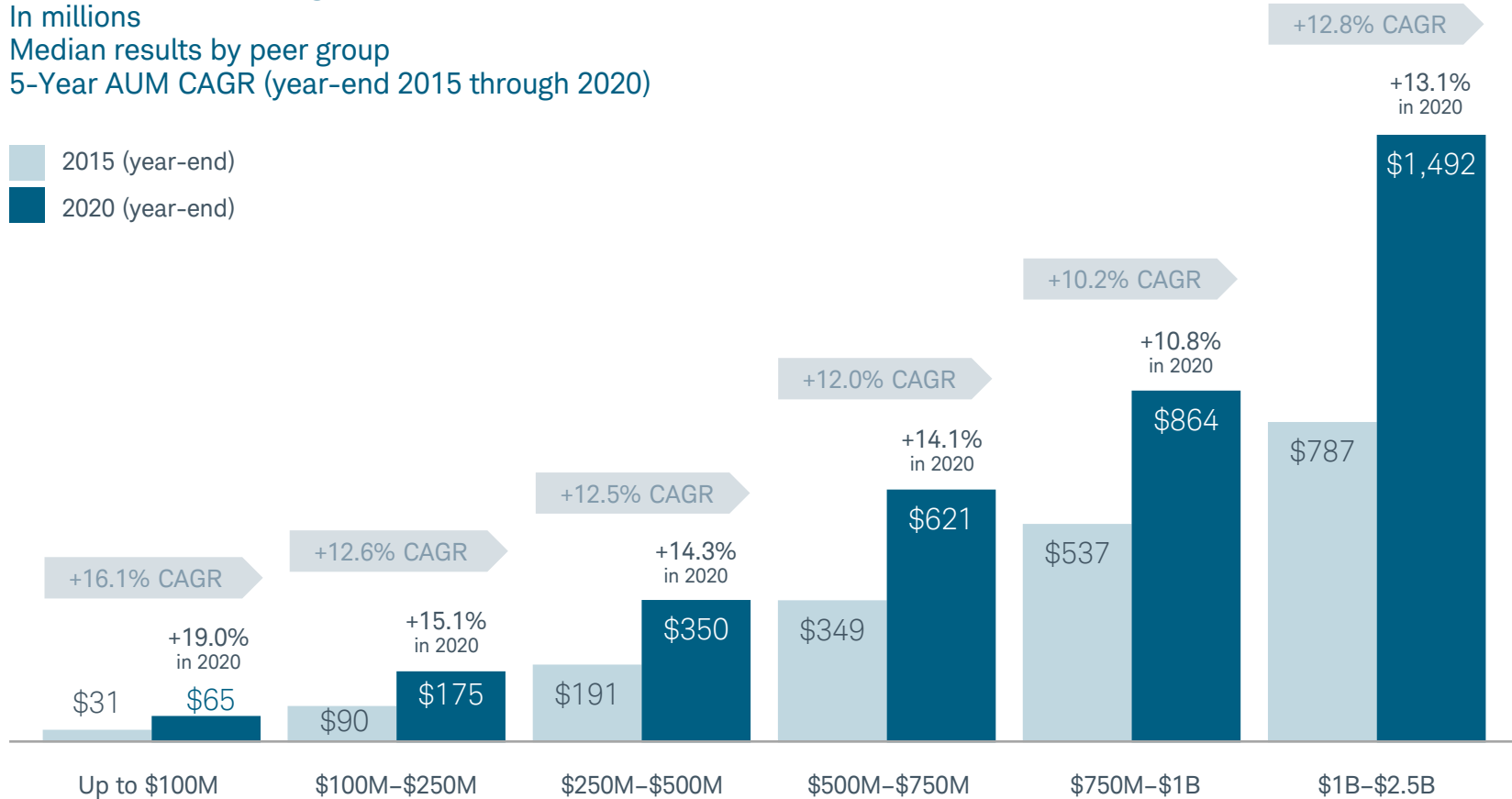
Assets under management (AUM)

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.

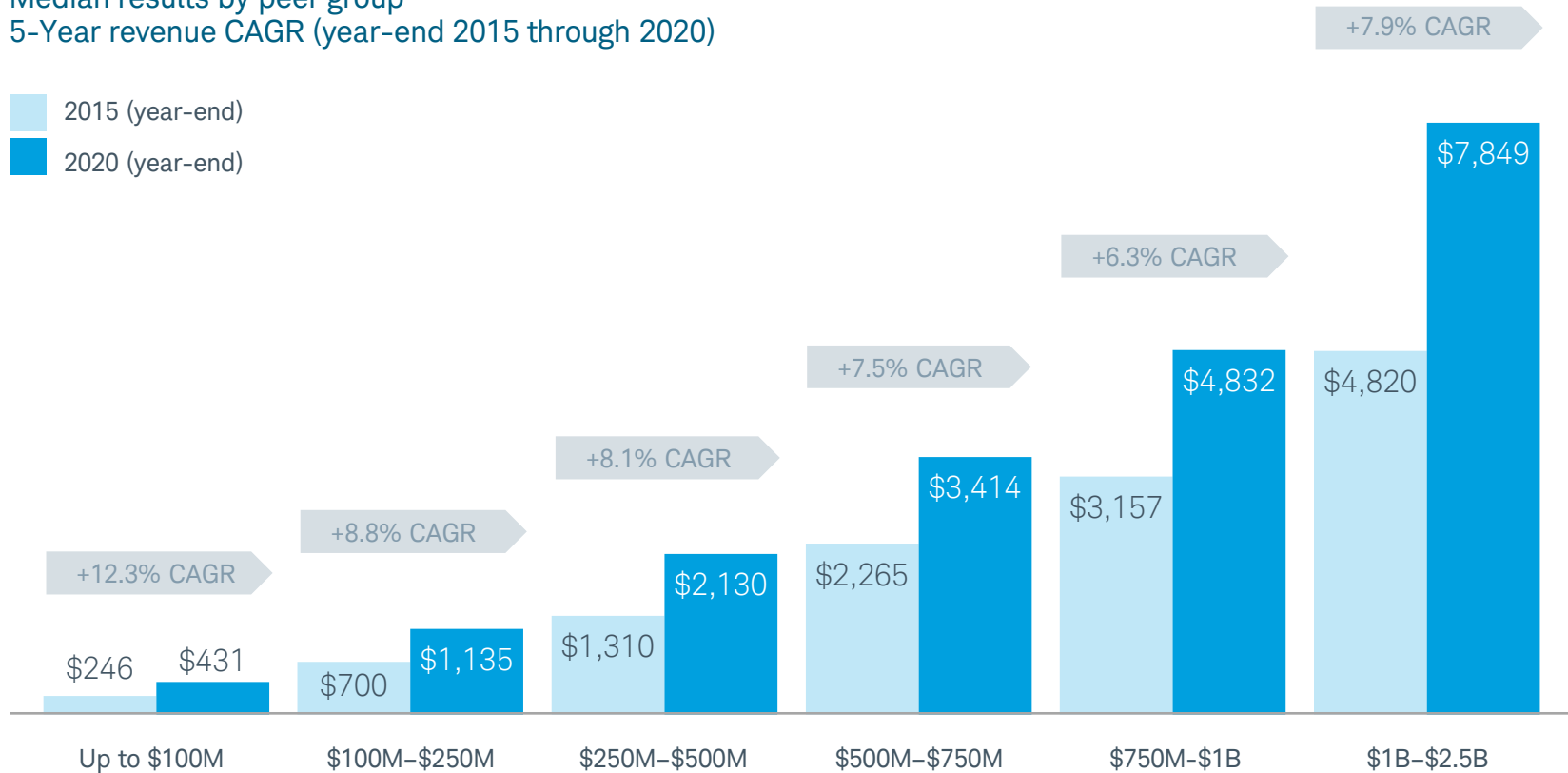
Revenue

In thousands

Median results by peer group

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

2015 (year-end)
 2020 (year-end)



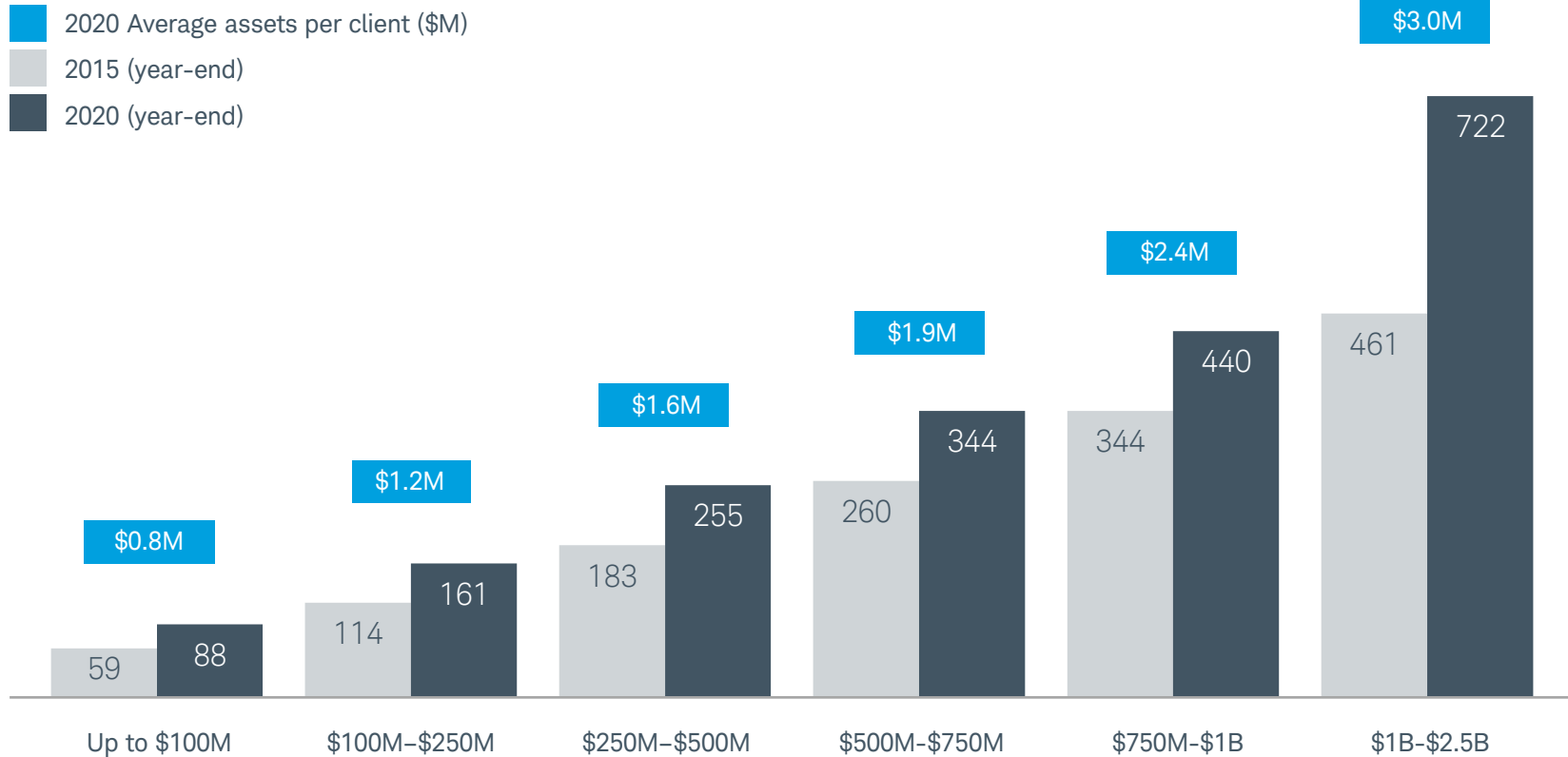
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Growth in clients remained consistent even as firms relied on virtual interactions to engage prospects and build relationships.

Total clients

Median results by peer group



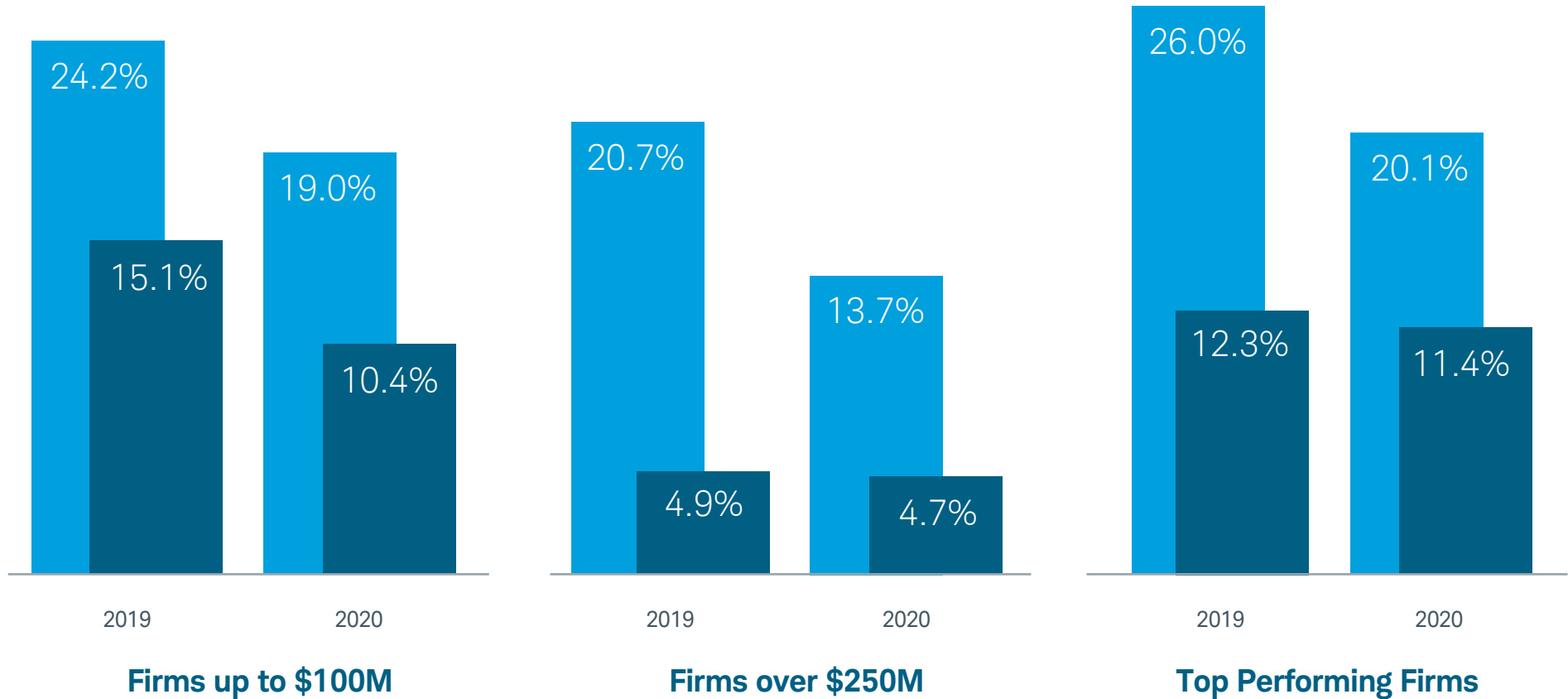
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Organic growth reflects how clients and prospects respond to a firm's value proposition, client experience, and strategy.

Contribution of net organic asset growth to AUM growth

- Net organic growth
- AUM growth



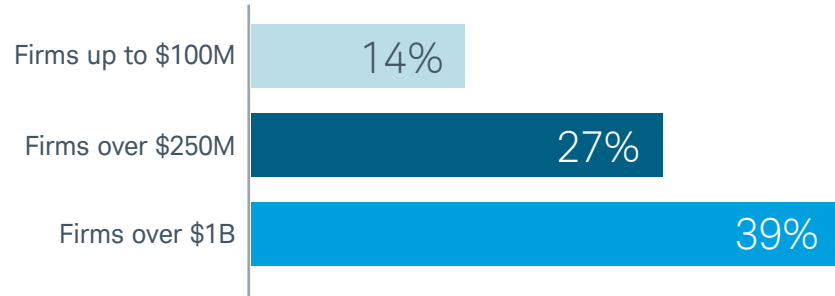
Top Performing Firms are those that rank in the top 20% of the Firm Performance Index. The index evaluates all firms in the study according to 15 metrics to arrive at a holistic assessment of each firm's performance across key business areas.

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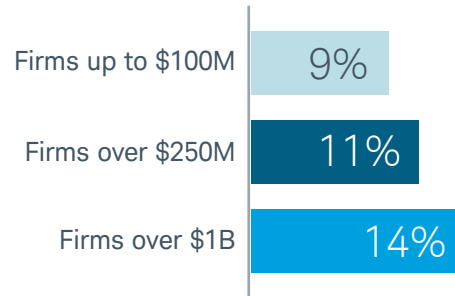


And firms continue to seek inorganic growth opportunities.

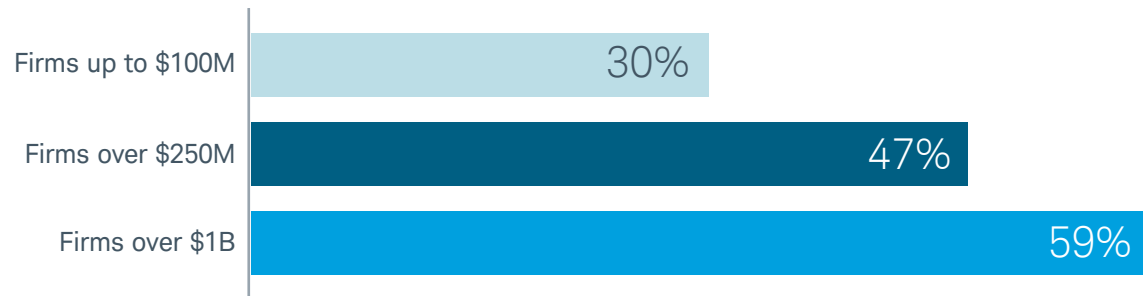
Firms actively seeking to buy another RIA



Firms actively seeking to merge with another RIA



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

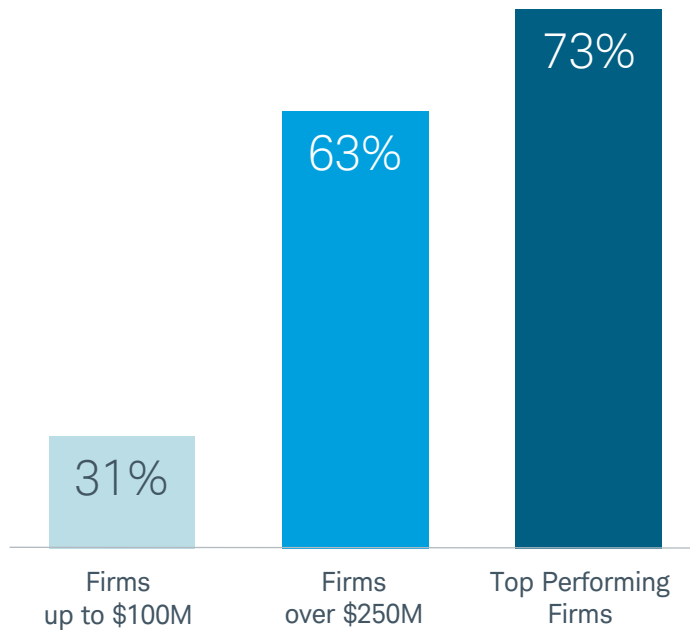


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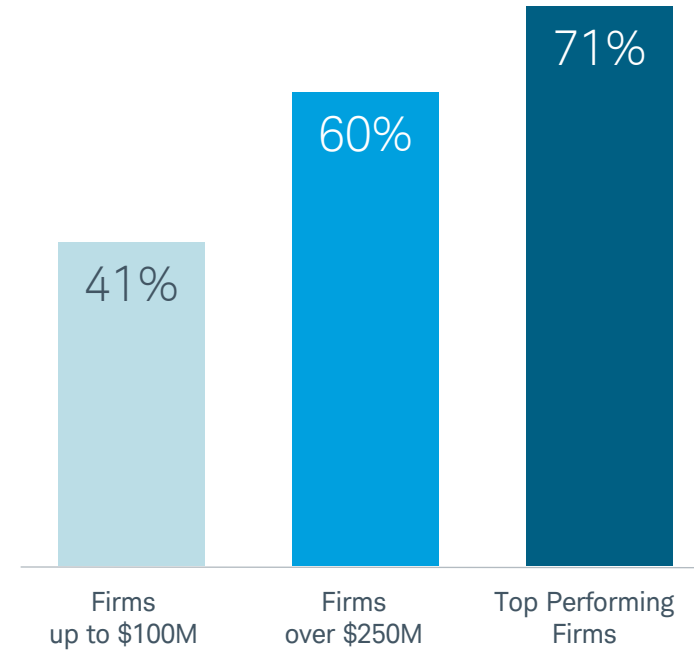


Strategic and succession plans support firm performance and endurance, helping firms adapt to change.

Firms with written strategic plan



Firms with written succession plan



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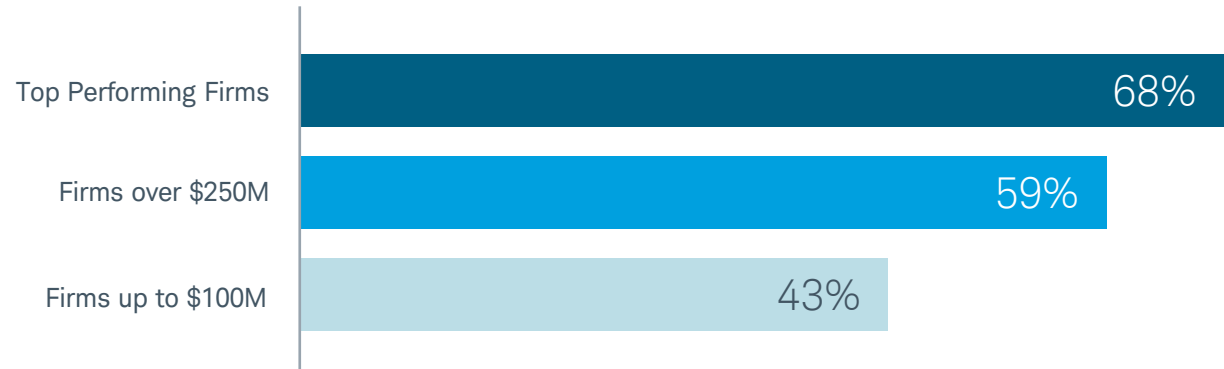


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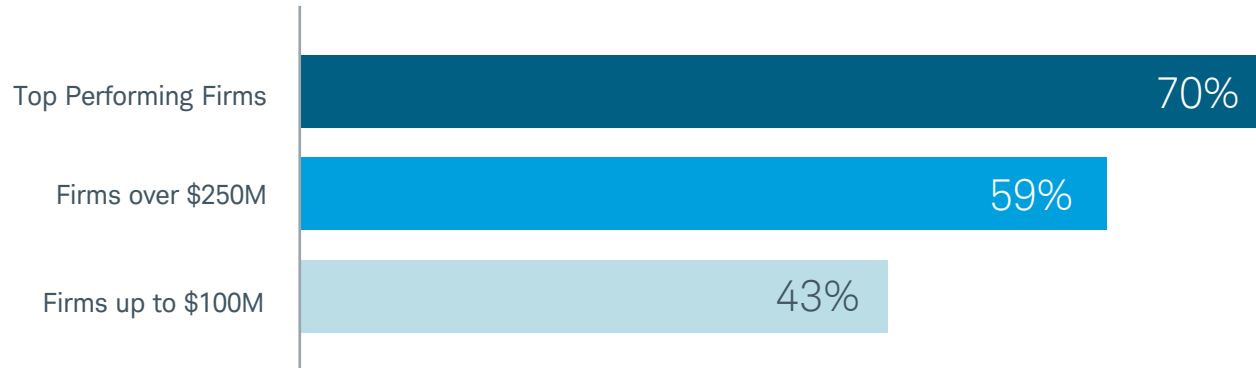


Documenting an ideal client persona and client value proposition helps RIAs refine their offer and drive referrals.

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



Firms with a documented client value proposition (CVP)



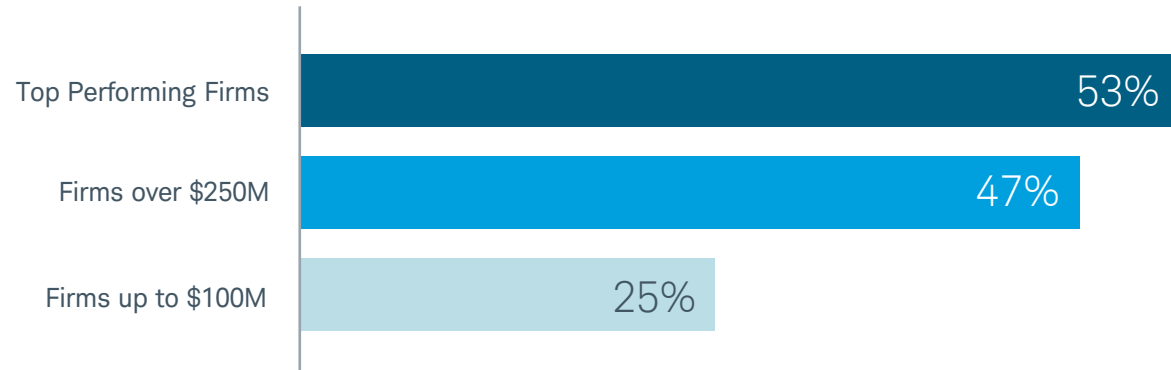
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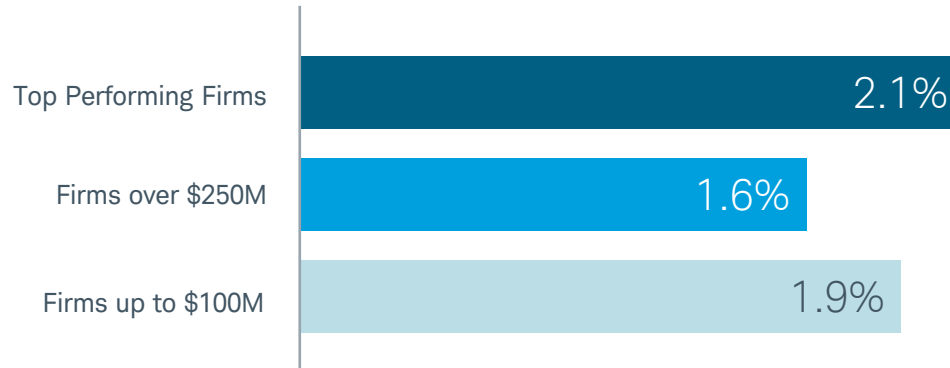


Top Performing Firms are more likely to have a documented marketing plan and spend more to execute their plans.

Firms with a documented marketing plan



Average marketing and business development spend as a percent of revenue



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

Firms over \$250M



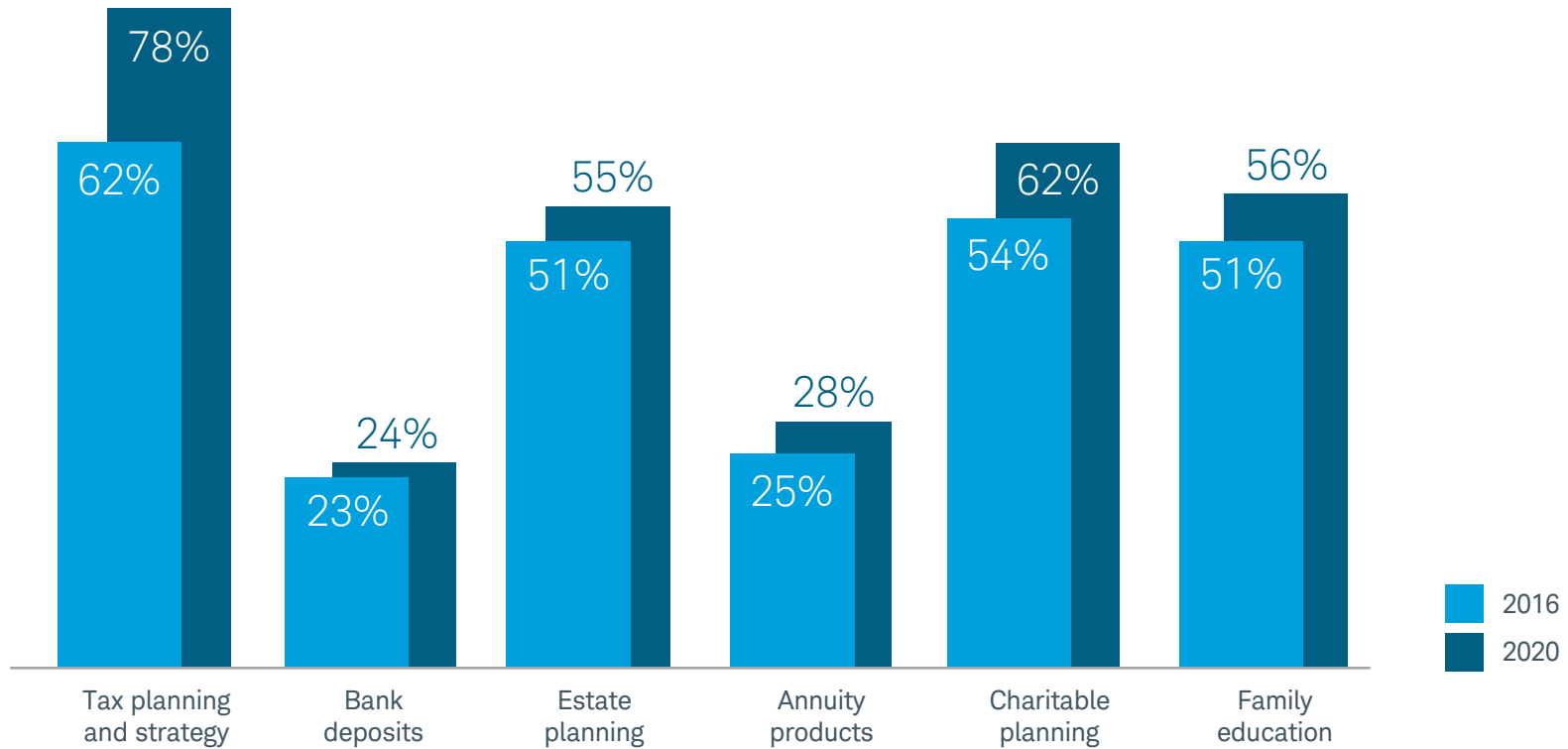
Median results for all firms with \$250 million or more in AUM.

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

Firms up to \$100M offering service



Results from the 2017 and 2021 RIA Benchmarking Study from Charles Schwab. Results for all firms with up to \$100 million in AUM.

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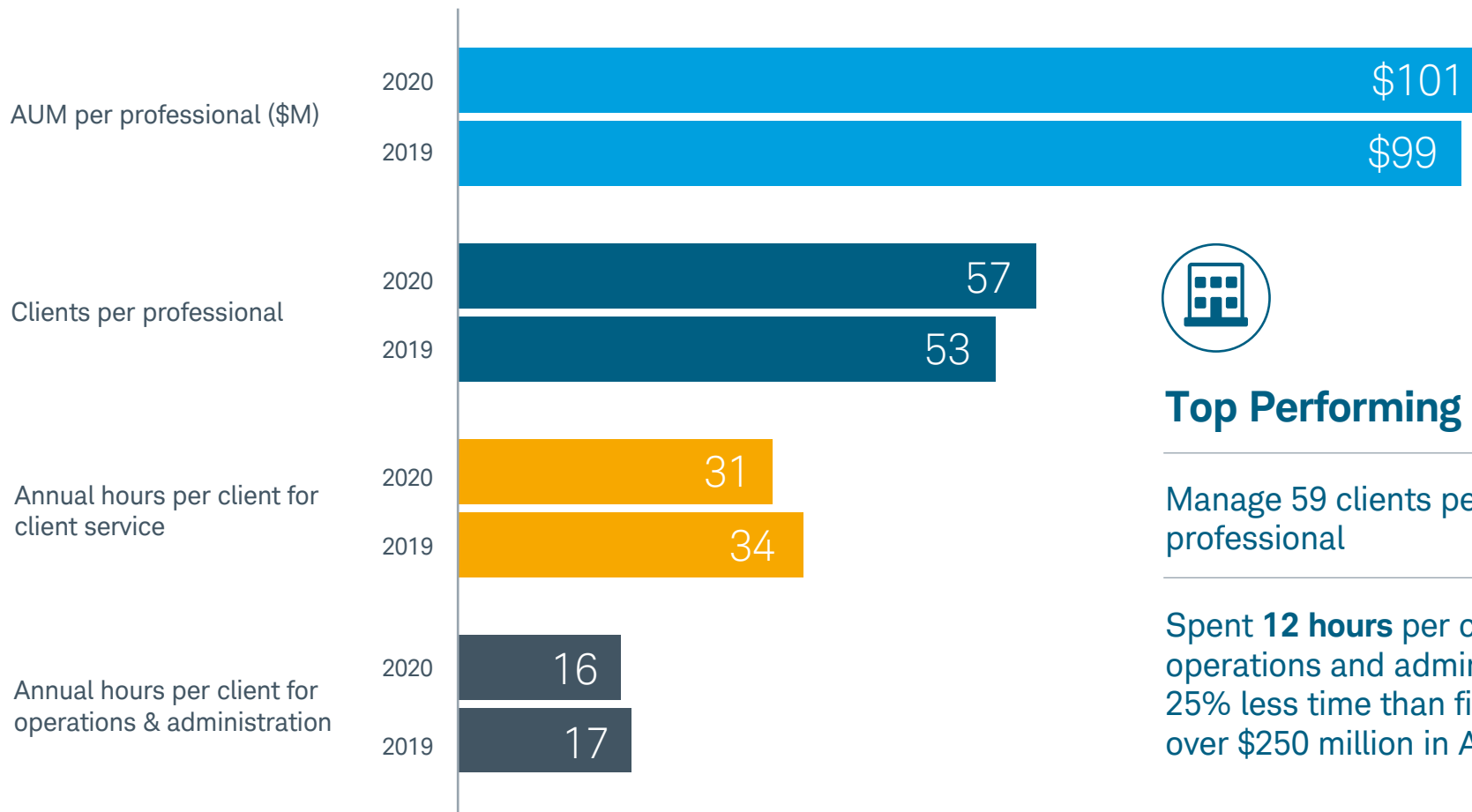


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Advisors leveraged opportunities for productivity gains during the pandemic.

Firms over \$250M



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

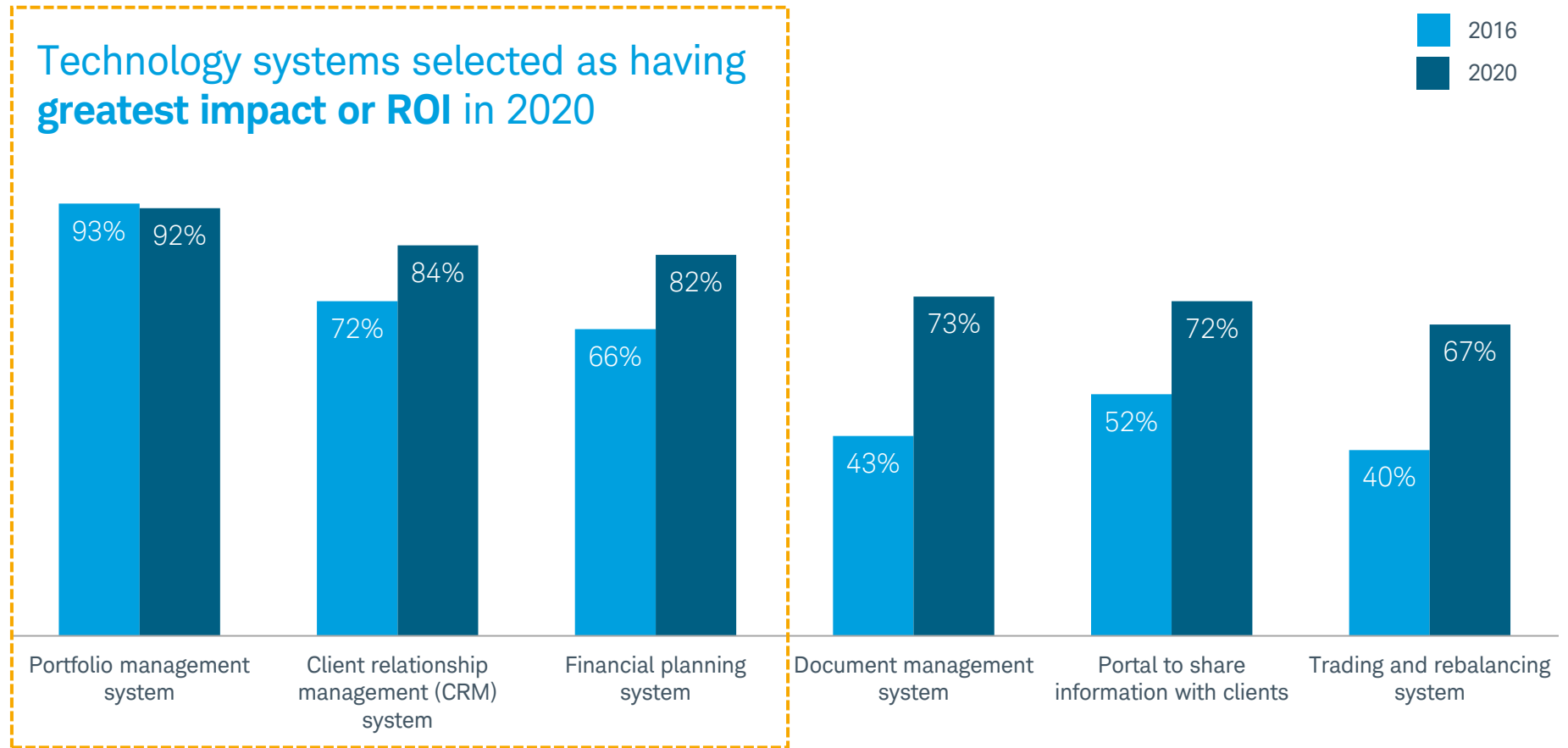
Results from the 2020 and 2021 RIA Benchmarking Study from Charles Schwab. Median results for all firms with \$250 million or more in AUM.

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

Firms up to \$100M using technology systems



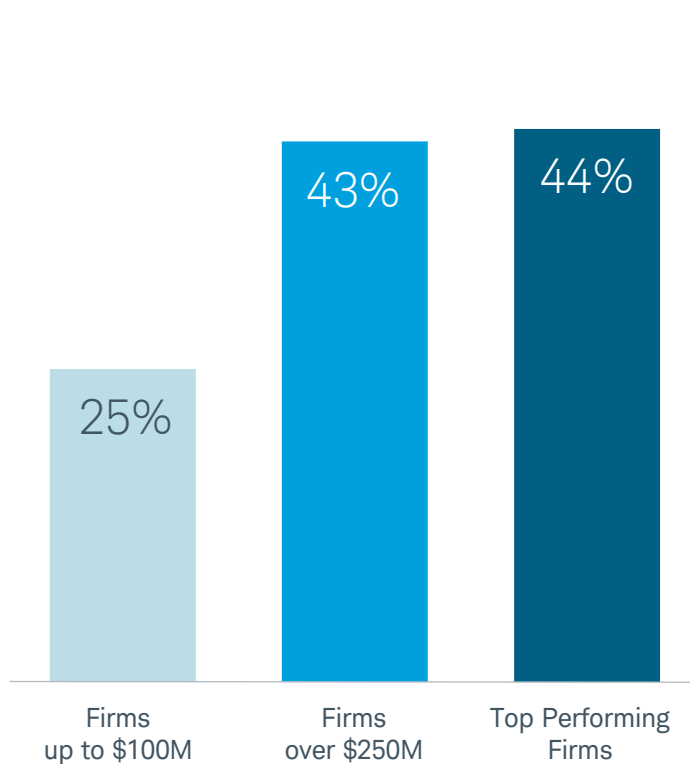
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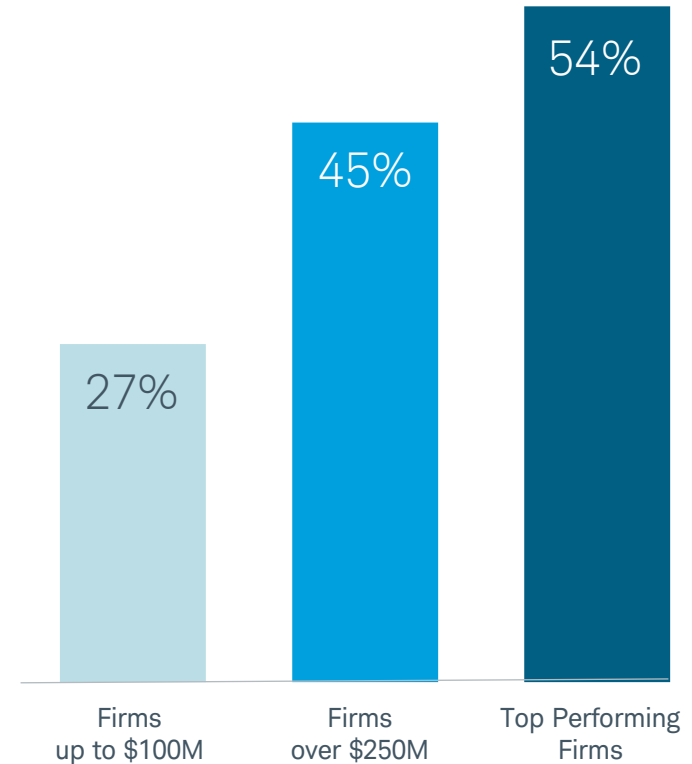


Leveraging CRM systems can help serve clients more consistently and streamline communications.

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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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

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.

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.



By pivoting to virtual business development and trying new tactics, firms maintained their level of new client assets in 2020.

Firms using digital tactics for prospecting

- Top Performing Firms
- All other firms



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.

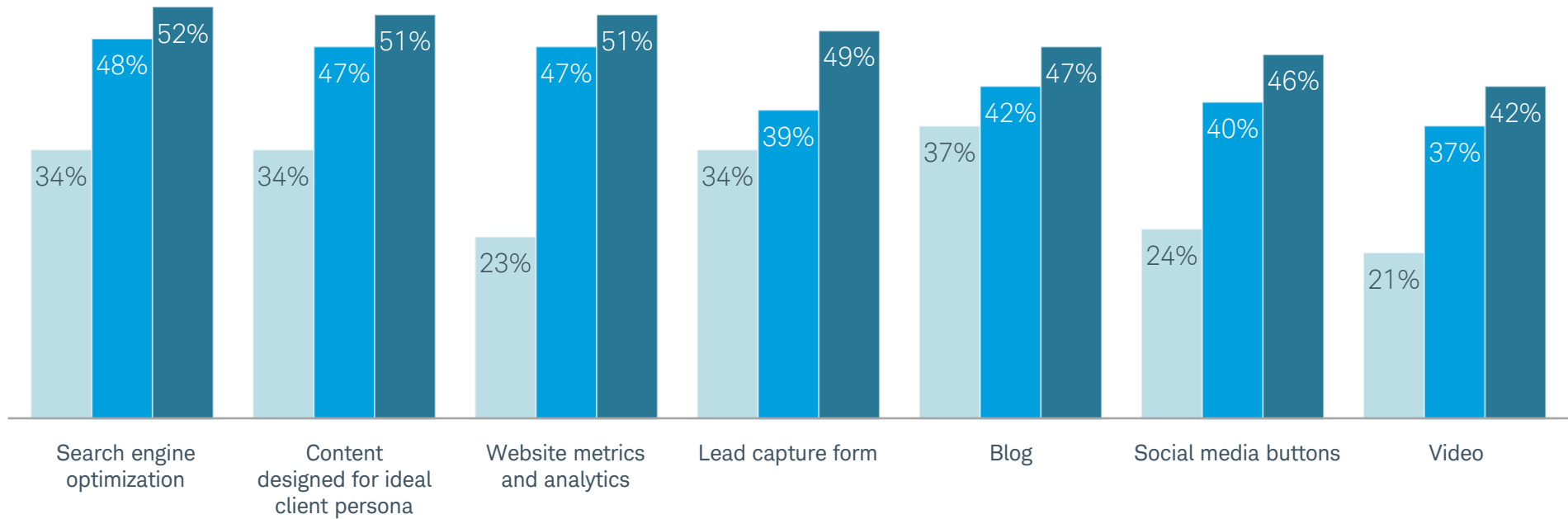
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With websites serving as the new “front door” during the pandemic, firms optimized them to attract and engage prospects.

Features firms have implemented to optimize website for lead generation

- Firms up to \$100M
- Firms over \$250M
- Top Performing Firms



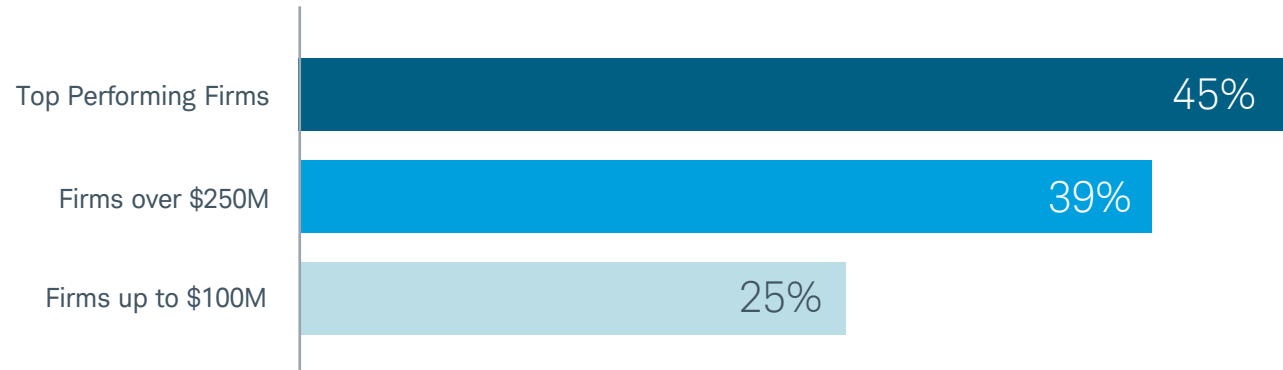
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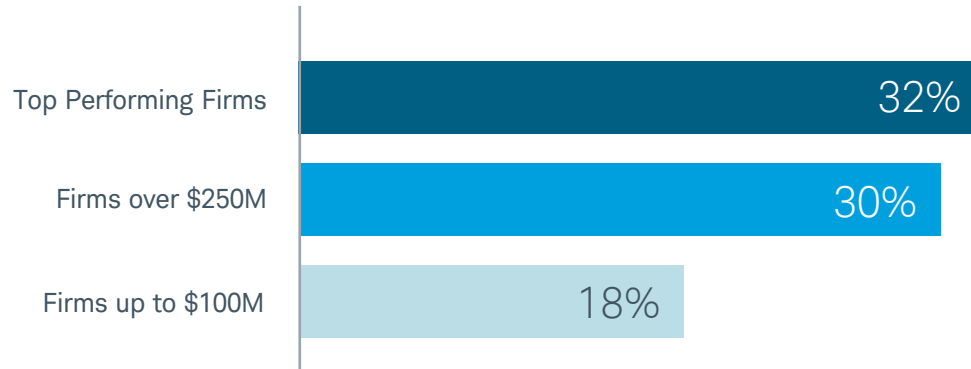


Referrals account for a majority of new clients, yet fewer than half of firms document referral plans.

Firms with a documented referral plan for existing clients



Firms with a documented referral plan for business partners



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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



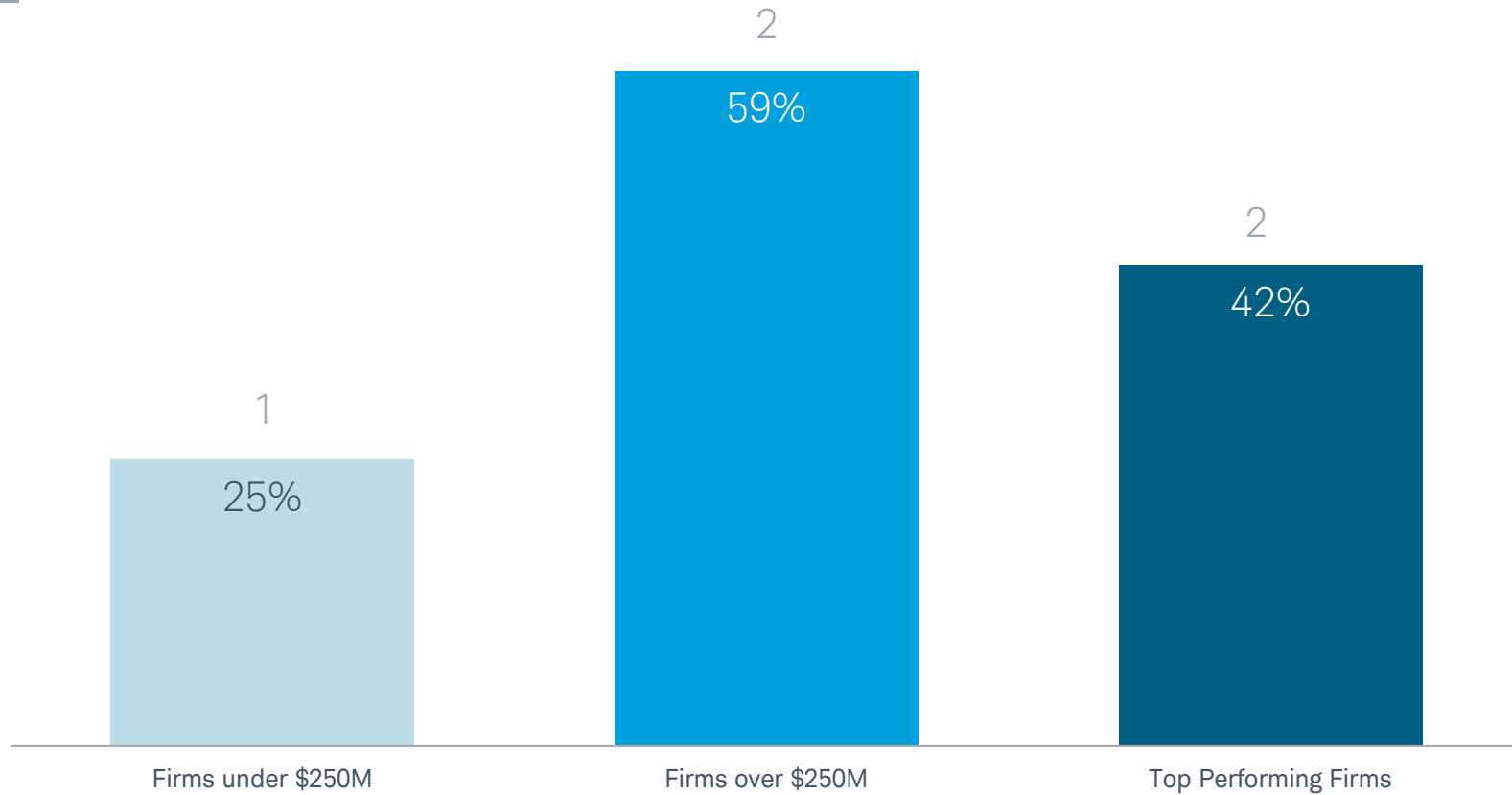
Median results include only those firms investing in training, education, and professional dues for staff. Past performance is not an indicator of future results. 2021 RIA Benchmarking Study from Charles Schwab, fielded January to March 2021. Study contains self-reported data from 1,340 firms. Participant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



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

Firms with staff departures

■ Median number of staff who left



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Appendix

Advisor Services



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

Overview by peer group

Metrics (median)	Firms under \$250M	Peer Groups					
		Up to \$100M	\$100M-\$250M	\$250M-\$500M	\$500M-\$750M	\$750M-\$1B	\$1B-\$2.5B
2020 ending AUM (\$M)	\$138	\$65	\$175	\$350	\$621	\$864	\$1,492
5-year AUM CAGR ¹	13.4%	16.1%	12.6%	12.5%	12.0%	10.2%	12.8%
2020 organic growth ² (\$M)	\$7	\$6	\$9	\$18	\$28	\$23	\$50
5-year organic growth ² CAGR ¹	8.0%	10.8%	7.5%	6.5%	5.4%	3.4%	5.4%
2020 revenues (\$K)	\$880	\$431	\$1,135	\$2,130	\$3,414	\$4,832	\$7,849
5-year revenue CAGR ¹	10.0%	12.3%	8.8%	8.1%	7.5%	6.3%	7.9%
2020 ending number of clients	135	88	161	255	344	440	722
5-year client CAGR ¹	5.4%	7.8%	4.6%	5.5%	6.1%	4.1%	5.0%
Average assets per client (\$M)	\$1.04	\$0.83	\$1.16	\$1.60	\$1.93	\$2.39	\$2.96
Standardized operating margin	26.0%	25.1%	27.5%	28.1%	33.3%	27.7%	32.2%
Total staff	4	2	4	7	10	14	19

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.

Methodology and disclosures

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Schwab designed the RIA Benchmarking Study to capture insights in the RIA industry based on survey responses from individual firms. The 2021 study provides information on topics such as asset and revenue growth, sources of new clients, products and pricing, staffing, compensation, marketing, technology, and financial performance. Since the inception of the study in 2006, more than 4,100 firms have participated, with many repeat participants. Fielded from January to March 2021, the study contains self-reported data from 1,340 firms that custody their assets with Schwab or TD Ameritrade and represents over \$1.5 trillion in assets under management, making this the leading study in the RIA industry. Schwab did not independently verify or validate the self-reported information. Participant firms represent various sizes and business models. They are categorized into seven peer groups by AUM size. The study is part of Schwab Business Consulting and Education, a practice management offering for RIAs. Grounded in the best practices of leading independent advisory firms, Business Consulting and Education provides insight, guidance, tools, and resources to help RIAs strategically manage and grow their firm.

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

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