

2024 study highlights

Firms continued focus on growth strategies led to strong performance in 2023

- **Robust gains were a highlight for Registered Investment Advisor (RIA) firms**—AUM increased 17.9% for the median firm, a significant rebound from 2022. The trusted relationship between advisors and their clients, coupled with the enduring appeal of the independent model, continues to help drive the long-term performance of firms of all sizes. (Slide 5)
- **Organic growth—which excludes market performance—was an integral part of gains in 2023.** Assets from new clients reached their highest point and assets from existing clients reached their second-highest point over the last five years. Client retention also continued to be a testament to the RIA industry, holding steady at 97% for the last decade. (Slides 9, 10, 11, 14)
- **Intentional and documented strategies, which Top Performing Firms more often have in place, helped support organic growth.**
 - Firms with **referral plans** gained more new clients and new client assets from those channels than firms without them. This is important as referrals remain the leading driver of organic growth, accounting for 67% of new clients and new client assets. (Slide 22)
 - Firms that **collect feedback** during client interviews gained 26% more assets from existing clients in 2023. (Slide 12)
 - Firms with **ideal client personas, client value propositions, and marketing plans** attracted 67% more new clients and new client assets than firms without all three. (Slide 20)
 - Firms that leveraged **digital marketing strategies** to support new client growth efforts found them successful. (Slide 25)
 - Firms that **tracked results** helped ensure effective use of marketing resources. For those that tracked, the median lead conversion rate was 50% in 2023. (Slide 27)
- **Firms are using inorganic strategies to fuel growth and meet business needs.** More than 40% of firms have pursued inorganic strategies over the past five years, and half of all firms are seeking inorganic growth opportunities in the future. Firms' top reasons for pursuing inorganic strategies were to increase growth, acquire talent, and create scale. (Slides 28–30)

Talent remains a top priority for RIAs

- **Growth in the industry has translated to strong hiring activity.** Over the past five years, about three-quarters of firms have hired each year; a rate that is not projected to slow down.
 - Seventy-three percent of firms reported planning to hire in 2024 and recruiting new talent ranked as the third-highest strategic priority for firms. (Slides 8, 34, 35)
 - Based on historical 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 35)
- **Firms are focused on retaining talent and addressing talent gaps.** Developing capabilities and skillsets of staff is a top-five strategic priority for the first time in the study's tenure. Additionally, 76% of firms reported offering career path/progression opportunities to keep employees engaged and firms are including other elements in their EVP that resonate with both current and prospective employees. (Slides 8, 36, 38)

Firms are optimizing digitization and client segmentation strategies to deliver high-touch service at scale

- **Firms are using digital tools and processes to automate operations and facilitate scalable growth while also creating capacity** so they can provide a tailored client experience. Top Performing Firms—who more often use digital tools and workflows—spent around 25% less time annually per client on operations and about 10% more time per client on service than the median firm in the study. (Slides 40, 42–44)
- **Client segmentation is important to long-term sustainability** as it can help firms align revenue with cost to serve and support firms in building a scalable business. Segmentation can also be beneficial when pursuing the next generation of clients. Firms can develop relationships today that may have long-term upside as those clients' wealth grows. (Slides 31–33)
 - Top strategies to pursue the next generation of clients include engaging with clients' children, creating a diverse team of talent to better reflect young investors, and using educational tools to help build financial literacy. (Slide 33)

Client acquisition and talent-focused initiatives continue to be top priorities.

Top strategic initiatives	Rank			
	2024	2023	2022	2021
Acquire new clients through client referrals	1	1	2	1
Acquire new clients through business referrals	2	3	3	4
Recruit staff to increase firm's skill set/capacity	3	2	1	2
Enhance strategic planning and execution	4	4	4	3
Develop skills and capabilities of staff	5	6	8	10
Improve productivity using process changes	6	5	5	7

Results for all firms with \$250 million or more in AUM that selected initiative as a top 3 priority. Past performance is not an indicator of future results. 2024 RIA Benchmarking Study from Charles Schwab, fielded January to March 2024. Study contains self-reported data from 1,304 firms. Participant firms represent various sizes and business models categorized into peer groups by AUM.