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Jill Brousseau Q&A: Passing on experience and insights

SPECIAL EDITION

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Forward together

As AdvisorEngine's Chief Growth Officer, it's my pleasure to introduce you to this special issue of Action! magazine.

One of the goals of our publication is to highlight how practitioners like you can actionably react to the trends impacting wealth management – and this issue hits on many, whether it is building up your practice or getting a handle on AI.

Few industry trends in my mind are bigger than the rise of the Next-Gen investor.

The emerging class of investor is digital-first in its approach to all things. They value authenticity and personalized service but are quick to skepticism.

I've found for many RIAs, attracting and winning Next-Gen business requires a rethink and a revamp. Key steps include ensuring you're on a scalable technology platform and have an equally scalable investment process.

AdvisorEngine's platform combines technology — including CRM, digital onboarding, portfolio management tools and a client portal — with deep custodial integrations.

Our integration with Schwab Advisor Services includes the industry's first integration with the iRebal, its portfolio rebalancing platform, in addition to delivering a streamlined digital onboarding and account opening process, as well as smart automation that eliminates duplication and errors.

We pride ourselves on our ability to deliver technology that is empowering some of the fastest growing RIAs in the country.

We dive into several topics in this issue, including practice growth, operational effectiveness and client engagement. If your firm is seeking to improve its experience in any of these categories, get in touch with me about how technology and AdvisorEngine can help you.



NED DANE

Chief Growth Officer,
AdvisorEngine



Jill Brousseau: How integrations build understanding

TAKING OVER AS SCHWAB'S NEWEST HEAD OF THIRD-PARTY INTEGRATIONS AND TRADING INFRASTRUCTURE TEAMS, JILL BROUSSEAU HAS A CLEAR SET OF GOALS SHAPED BY THREE DECADES WORKING INSIDE THE INDUSTRY'S LARGEST CUSTODIAN.

Helping advisortech providers and advisory firms connect on their needs is one of her main focuses, she tells Action! magazine, as she finds the pairing of the right tools with practice is essential to helping any RIA achieve the best use of technology.

Brousseau shared her insights on how firms can strengthen partnerships with their tech providers and custodians, as well as how young professionals in wealth management can grow and find their space in the field.

The following Q&A has been edited for clarity.

ACTION! MAGAZINE: What's a practice management tip you've found most helpful in your career?

JILL BROUSSEAU: To be honest, the most valuable thing I've learned how to do is to be a good partner. To think not only about what my goals are and what the objectives are for my organization and my team in the role that I have, but also to be thinking about my partners and what their objectives are, and what their goals are. That's third-party partners, partners within Schwab, and our advisors. What are their goals? What are they trying to achieve? And, to make sure I find some common ground so we can have the same goal and work towards that together. I've found that that helps us get things done better, quicker and easier.

> "The integration [with AdvisorEngine] continues to build and deepen, which is great for advisors using your platform who are also Schwab advisors.

ACTION! MAGAZINE: What elements have you discovered to be essential for being a good partner? Is it communication? Is it a compromise?

BROUSSEAU: Communication, making sure I'm explaining what the impact is, if we have a problem that we're trying to work through, why I'm working to get this done, but then also listening and understanding where they are coming from, what their priorities are. And to your point, compromising as well, in terms of where I feel what I need to get out of this situation, what they need to get out of this situation, and figuring out a common ground.

ACTION! MAGAZINE: Coming into your latest role at Schwab, where you are now the director of our third-party integration and trading infrastructure teams, you're focused on helping firms adopt more technology and make use of it. What are some of the perspectives that you have on how the industry has used technology tools? What are the areas of focus for yourself and your group?

BROUSSEAU: I would say that integration is huge. Our integration solutions with third parties enable advisors to be fully integrated into the platform of their choice and then optimize that platform. I think the fintech industry has exploded in the past five or six years, and making sure that we are where they can be. And, ensuring that we're promoting the idea of efficiency and scale for them, so that they can optimize their business. Also, we ensure that we're hearing what they need and reaching out to those third parties to optimize and integrate with them, so that ultimately, advisors have what they need.

There are many forces at play. Obviously, you can't get into all of them, but firms certainly feel the pressure to use technology. However, at times, they may not know how to implement or utilize those strategies correctly. Schwab, as custodial partner, can play a larger role. We have our provider listings, a public website that allows people to evaluate the available providers. We have an integration matrix that shows the integration points with third-party providers that we have. So, we're helping advisors understand what efficiencies are available to them, as they may not be aware of them. That has helped drive adoption and help them see where they can utilize those solutions.

ACTION! MAGAZINE: From a technology perspective, where are the areas of improvement for advisory firms?

BROUSSEAU: Operational tasks – they can reduce swivel chair and reentry, as well as the time spent keying in account numbers or information. Utilizing some of our single sign-on solutions for digital account opening as well as moving money, you can get away from having to rekey into your custodial platform; you can do it within the integrations that we have. I think that will save advisors time and allow for the efficiency that they're looking for.

ACTION! MAGAZINE: Can you talk about the integrations between AdvisorEngine and Schwab?

> “Be curious and evolve, don't put yourself in a box.

BROUSSEAU: There have been several integrations that we've continued to build. [AdvisorEngine] has been receiving our data files for quite some time, which I know helps advisors get started in the morning using your platform. It just integrated with our digital account open SSO API, as well as MoveMoney, and I know you guys are working on getting access to our standing authorization. So, the integration continues to build and deepen, which is great for advisors using your platform who are also Schwab advisors. It's a great opportunity for us to continue working together and building that integration, which will ultimately lead to increased efficiency for your users.

ACTION! MAGAZINE: Okay, I have to ask you. You've been with Schwab for 30 years, starting as an admin assistant. How did you do it?

BROUSSEAU: I started as a trading assistant. I was a contractor. I was a political science major. This was not supposed to be my life. It's been really great for me to learn about the financial industry and grow, realizing, 'Wow, I'm interested in technology!' I took a computer science class in high school, but it was not supposed to be my job. It's been really kind of exciting. So, be curious and evolve, don't put yourself in a box. Learn what's going on around you. Talk to people. I love talking to young people, actually. It's really cool. It reminds you of [what it's like] being young and where you started. Get to know what's happening and then stretch yourself a little.

Be okay with being uncomfortable and not knowing. Ask all the questions that you have, because the more curious you are, the more you're going to learn. And you're going to have better questions that people are going to want to respond to.

Passing it on: Generational takes on what to leave behind

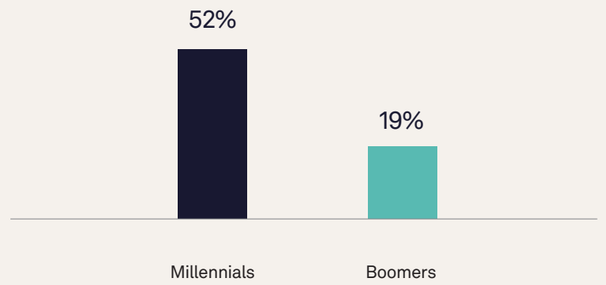
AVERY HEERINGA

Different experiences have led boomers and millennials to take unique approaches to generational wealth transfer.

Every generation charts its own path to building wealth. And along the way, these experiences shape not only their approach to growing their money and wealth management, but also how they choose to pass that wealth on to the next generation.

The 2024 Schwab High Net Worth Investor Survey, a study of more than 1,000 wealthy Americans, revealed clear generational differences in these decisions about generational wealth transfer. One of the most revealing findings was that baby boomers had a different mindset than their Gen X and millennial counterparts, who are more than twice as likely to prefer sharing their wealth with the next generation during their lifetime.

PORTION OF WEALTH PLANNING TO TRANSFER DURING LIFETIME



But before you start imagining a generational tug-of-war over inheritance, keep in mind that different gifting approaches are tied to unique generational values.

THE BOOMERS: TRANSFERRING WORK ETHIC, LEGACY, AND VALUES – NOT JUST MONEY

Baby boomers (born between 1946 and 1964) are the generation that built much of what we know today. They benefited from coming-of-age in a strong, and growing economy. For many baby boomers, wealth-building wasn't just about accumulation; it was about securing a better future for their families.

Charlie Gregory, 77, former president of Benedictine University, said his experience growing up shaped his approach to building wealth as an adult.

"As much as my parents wanted to offer me the possibility of a future without the hardships, sacrifices and struggles they'd experienced all their lives…they were unable to do so," explains Charlie. "However, I was blessed they taught me the importance of a good work ethic and to seize opportunities that came my way. I've also been fortunate to have good mentors who were ethical, caring and took time to guide me along the way."

Charlie's perspective is familiar to many baby boomers: they didn't inherit much, but they worked hard to make sure their children had more.

"I want my children and grandchildren to have some of the same experiences as I did, but at the same time, not the same struggles," Charlie added. "I want them to be able to invest in themselves, in their vision and dreams, without too many financial worries."

For Charlie, it's all about values and mentorship. Many baby boomers have this view when it comes to inherited wealth and leaving a legacy. Their focus is not just setting up financial inheritances for their family members, but also instilling values and educating the next generation for success.

"My children and grandchildren are in what I call the 'trying to make it' stage of life," Charlie shared. "As they get older, I'm constantly encouraging as well as questioning them about their 'tomorrows' and how they intend to not only grow professionally, but financially."

This active role in guiding the next generation financially shows a unique generational perspective: baby boomers want to teach their kids, not just hand over money. After all, wealth isn't just about dollars – it's about mindset. And it will understandably impact their approach to what is referred to as The Great Wealth Transfer, or the massive shift of wealth from baby boomers to younger generations.

THE MILLENNIALS: TRANSFERRING FLEXIBILITY, RESILIENCE, AND A HEAD START – NOT JUST ASSETS

Cut to the millennials (born between 1981 and 1996), a generation that largely came of age during the 2008 financial crisis, watched the housing bubble burst, and entered a workforce amid rising living costs. For them, all these factors made saving and investing feel daunting. Despite – or perhaps because of – the circumstances they went through, millennials tend to be more flexible in their approach to building wealth and are more likely to embrace new investment strategies.

While baby boomers tend to favor traditional methods of growing wealth (like 401(k)s and stock market investing), Millennials are all about diversification and using their experiences—like navigating real estate or starting multiple income streams – to build financial security and family wealth for themselves and their beneficiaries.

Graham Kuzia, 39, senior manager at a Fortune 10 company, took the lessons passed down from his father and applied them to his own life. As a child, Graham learned the ins and outs of the stock market and other financial practices from his father.

"Every day we'd look at the newspaper and follow certain stocks so that I could learn how they go up and down," explains Graham. "Even though my father was a mechanic and didn't have a whole bunch of financial investing experience, it was important for him to teach me about the market."

But Graham didn't stop there. After college, he began investing in his 401(k) and ventured into real estate, buying properties with his wife. According to Schwab's High Net Worth Investor Survey, three in five wealthy Americans who intend to pass on wealth say they started planning their wealth transfer before the age of 45. Graham is no exception here – his shared goal with his wife is to build a foundation that will provide for their daughters, who are six and nine years old, in the future.

"They see us doing work at the rental properties. When we went to look at the houses and put in offers, they came with us. So, we're trying to start that [education] from a young age," he said.

As a self-proclaimed early-retiree-in-the-making, Graham's ambitious goal is to retire by 50. It's not just about accumulating wealth; it's about building a life where he doesn't have to work longer than necessary. And yes, he's already talking about financial planning with his daughters. "I've always wanted to teach them about it too. I try to teach them about the basics of finance and money and how it works, even though they're still really young," he said.

Millennials are thinking about wealth-building earlier in life with a focus on long-term investments that go beyond stocks – including real estate, passive income and even the pursuit of financial freedom and early retirement. Part of the reason for this creative pursuit of financial freedom is to set their next generation up for financial success sooner rather than later, so they are prepared to weather any uncertain economic times and get a leg ahead.

THE ESTATE PLANNING CONVERSATION: TIMING IS EVERYTHING

While millennials may have a more modern approach, baby boomers still hold most of the wealth. So, when it comes to the transfer of wealth, timing is everything. Baby boomers are increasingly aware that their kids are juggling their own financial struggles, and many are looking for ways to transfer wealth more efficiently.

"How one plans for their future needs, opportunities and outcomes is predicated on philosophy," Charlie said. "I choose a philosophy that centers on a vision of hopes and desires for not only myself but for my family."

Graham's strategy is all about taking action and using multiple sources of income and financial assets to build wealth, which is something he's even begun educating his parents on. "The tables have turned, and I give my dad financial advice now, which is kind of cool and full circle."

Amid the generational differences, it's clear that both groups are focused on one key thing: providing a solid financial foundation for their loved ones. Their methods may differ, but the goal remains the same.

So, whether you're from an older generation looking to distill wisdom for your future generations or a younger generation striving to teach early investing lessons to get ahead, both approaches reflect a shared desire: to build a lasting legacy that empowers the next generation.

This article was previously published by Charles Schwab.
Source: https://www.aboutschwab.com/mss/story/passing-it-on

Marketing to young investors: A guide for financial advisors

As a financial advisor, it's essential to keep up with changing trends in the market and adapt your marketing strategies to attract younger investors.



SULEMAN DIN

While many financial advisors have built their businesses on catering to the baby boomer generation, the next generation of clients will have different needs and preferences.

Millennials and Gen Z-ers are quickly becoming the biggest spenders and earners, but they have different needs and expectations regarding money and finance. Here are some tips to help you market to younger clients and how to reach them effectively.

NEXT-GEN INVESTOR OUTREACH

For young investor outreach, it's essential to understand their values and needs. Millennials and Gen Z'ers seek advisors who can help them achieve their financial goals while aligning with their values. These generations value social responsibility and sustainability and are more likely to invest in companies that reflect those values. They're also interested in technology and want to work with advisors who can offer modern solutions and streamlined processes.

> "Millennials and Gen Z-ers seek advisors who can help them achieve their financial goals while aligning with their values.

To appeal to these clients, consider incorporating sustainable investments into your portfolio and offering tech-driven tools. You can also showcase your values and involvement in the community by highlighting charitable work or events you've participated in.

CREATE A STRONG ONLINE PRESENCE

Younger clients are tech-savvy and are more likely to research and connect with businesses online. That means you need a solid online presence to attract and retain younger clients.

A professional website is essential for any business, and financial advisors are no exception. Your website should be clean, modern and easy to navigate. It should clearly communicate your services and expertise while providing easy ways for prospects to contact you. Make sure it's mobile-friendly, with clear messaging for your target audience.

To attract young investors, an advisor website should have a next-generation feel – no more stock images of boating – consider a design that is sleek and modern, with clean lines and bold typography. A new design can be easily achieved by using software such as Canva, Adobe Illustrator or Figma. Incorporate interactive elements such as videos, infographics and calculators. This will help to engage your audience and make your content more interesting and memorable.

Optimize your website for Search engine optimization (SEO) – optimizing your website to rank higher in search engine results. This can help potential clients find you when they search for financial advisors online. To optimize for SEO, use relevant keywords, create high-quality content and optimize your meta descriptions and tags. Here are some relevant SEO keywords that financial advisors could use on their websites to attract younger clients:

- **Personal finance:** Younger clients are interested in learning about personal finance, and this keyword can help attract them to your website.
- **Investing:** Many younger clients are interested in investing and building their wealth over time. Using this keyword can help you attract those looking for investment advice.
- **Budgeting:** Budgeting is an essential part of personal finance and a popular topic among younger clients. Using this keyword can help attract those looking to manage their money better.
- **Retirement planning:** While retirement planning may not be a top priority for younger clients, it's still an important keyword to use as it shows you can offer guidance throughout a client's life stages.
- **Financial literacy:** Younger clients are interested in increasing their financial knowledge, and this keyword can help attract those seeking to

learn more about financial topics.

- **Student loans:** With many younger clients facing student loan debt, this keyword can help attract those seeking guidance on managing their student loans.
- **Wealth management:** Using this keyword can help attract younger clients who are looking for comprehensive financial planning and investment advice.
- **Digital assets:** With the rise of digital currencies and assets, this keyword can help attract younger clients interested in learning about this emerging field.
- **Financial planning:** This broad keyword can help attract younger clients looking for overall financial guidance and planning.
- **Financial education:** Using this keyword can help attract younger clients seeking education and guidance on financial topics.

Suleman Din is AdvisorEngine's Advisor Intelligence Lead. He is editor-in-chief of Action!, a magazine with actionable content for wealth management leaders. Previously Suleman oversaw technology coverage for American Banker and Financial Planning.

When creating content, remember that younger clients value authenticity and transparency. They want to work with advisors who are honest and upfront about fees, services, and potential risks. Consider creating videos or blog posts showcasing your expertise while educating clients on important financial topics.

Your online reputation is important; negative reviews or comments can quickly damage your credibility. Monitor your online reputation regularly by setting up Google Alerts, monitoring social media channels and responding to any negative comments or reviews in a professional and timely manner.



SOCIAL MEDIA FOR FINANCIAL ADVISORS

Social media has become a valuable tool for financial advisors to connect with prospects and grow their businesses. However, using social media platforms effectively is important to avoid common mistakes that can damage your reputation.

Not all social media platforms are created equal, so choose the right platform to reach your target audience. LinkedIn is the most popular social media platform for financial advisors, as it's geared towards professional networking and allows for in-depth discussions on financial topics. Facebook, Instagram and Twitter can also be useful for reaching a wider audience but may require a different approach to content and messaging.

Prospects are more likely to follow and engage with financial advisors who share valuable content that educates and informs. Create a content strategy that includes a mix of blog posts, videos, infographics and other content types that showcase your expertise and provide value to your target audience. Make sure to include calls to action encouraging prospects to contact you for more information or to schedule a consultation.

Social media is a two-way conversation, so engage with your audience by responding to comments and messages. Encourage discussions and provide thoughtful responses to questions or comments. This helps to build trust and establish yourself as a credible authority in your field. Various paid advertising options are available through social media platforms that can help financial advisors reach a wider audience and generate leads. LinkedIn and Facebook offer targeted advertising options that allow you to reach prospects based on demographics, job titles and interests. Have a clear call to action and a landing page optimized for conversions. By using social media effectively, financial advisors can establish themselves as thought leaders, reach a wider audience and generate leads for their business.

OFFER PERSONALIZED AND TRANSPARENT SERVICES

Personalization and transparency are key to building trust with younger clients. People want to work with advisors who take the time to get to know them – including their financial goals, risk tolerance and investment preferences. This will allow you to provide personalized advice tailored to their specific needs.

Provide transparency around fees, services and potential conflicts of interest. Provide this information in writing and ensure that clients understand what they are paying for and how much they are paying. Consider offering various services that cater to different client needs, including budgeting and debt management, retirement planning and investment advice.

If you offer different service levels or pricing, clearly outline the differences and what each level includes. Communicate your fee structure upfront, including any ongoing management fees or commissions to help build trust.

Keep your clients informed about their portfolio performance and any changes you make to their investments. This will help build transparency and show that you are committed to keeping your clients informed about their financial situation. Educational materials like blog posts or webinars can help your clients better understand financial concepts and investment strategies. This can help them make more informed decisions and feel more confident in their financial decisions.

FINTECH FOR NEXT-GEN INVESTORS

Technology is changing wealth management, helping financial advisors deliver better advice. Here are some examples:

- **Automated portfolio management:** The portfolio management process can be automated, including rebalancing and tax-loss harvesting.

Advisors can save time and focus on providing personalized advice to their clients.

- **Data analysis:** Technology can help advisors analyze large amounts of financial data, such as market trends and economic indicators – allowing advisors to make more informed investment decisions
- **Risk assessment:** Advisors can use technology to assess risk tolerance and identify investment opportunities that align with a client's risk profile helping advisors provide personalized advice tailored to their client's specific needs.
- **Client relationship management (CRM):** CRM tools can help advisors communicate more efficiently and effectively with their clients. For example, advisors can use email, text messages and video conferencing to stay in touch with their clients and provide regular investment updates.
- **Financial planning software:** Technology can help advisors create financial plans for their clients, including retirement planning, estate planning and tax planning. This can help advisors provide comprehensive advice considering all aspects of their client's financial situation.
- **Artificial intelligence and machine learning:** Technology can help advisors use artificial intelligence and machine learning algorithms to identify investment opportunities and optimize portfolios. This can also help advisors create content for email or website marketing campaigns.

GEN Z AND MILLENNIAL ENGAGEMENT

Engagement is critical to building lasting relationships with younger clients. They want to work with advisors who are accessible, responsive and proactive.

Consider offering regular check-ins and updates to inform clients of their investments and financial progress. You can also use technology like chatbots and online portals to make it easy for clients to communicate with you and access important information.

To stay top of mind with younger clients, consider hosting events or webinars that educate clients on important financial topics or showcase your expertise. You can also partner with local businesses or organizations to reach a wider audience and show your involvement in the community.

TAKEAWAYS

Marketing to younger clients requires a different approach than marketing to older generations. To attract and retain younger clients, you must understand their values and needs, create a strong online presence, offer personalized and transparent services and engage with clients regularly.

5 influencing styles for financial advisors

KEY POINTS

1. Anyone can learn skills that improve their power of influence. The key is to understand influencing styles.
2. Most people like to be influenced the way they influence others. Influential people are good at recognizing this.
3. No single influencing style can address every situation. By listening closely and looking out for clues to the influencing styles of others, people are likely to be more receptive to your point of view.

As an advisor, the ability to positively influence clients is central to guiding them toward wise financial decisions. Influencing skills are also valuable for making connections with new prospects and building stronger relationships with partners and teammates.

While influential people may seem to possess an innate gift, motivating others is something that can be learned. In their research, Chris Musselwhite, founder of Discovery Learning Inc., and Tammie Plouffe, managing partner of Innovative Pathways, have found that you can improve your influence once you learn to identify and navigate what they call the five influencing styles: bridging, rationalizing, asserting, inspiring, and negotiating.[1]

Many people like to be influenced the way they influence others, which is why it's so important for you, as an independent Registered Investment Advisor (RIA), to understand your own influencing styles and the styles of people around you. Let's explore each of the five styles to see the power of your influence and how to improve it.

BRIDGING

People who use a bridging style of influence tend to motivate by using reciprocity, consultation, and personal relationships.

Identifying this style in yourself: Do you seek the connections of friends and colleagues? Do you bring people together and invite relevant stakeholders into conversations to build consensus?

Scenario for identifying and working with this style: Your succession plan rests on developing one particularly talented junior advisor. However, when you ask him to join the advisory board, he says he's hesitant to take on too much at once, citing other junior advisors who aren't participating. His referencing of peers tells you he might be a bridging influencer.

Bridging influencers respond well to social proof, so you decide to invite his mentor to share her experience of serving on the board. After hearing about the value it offered her, he now feels more confident in pursuing the opportunity. By bringing more people into the conversation, you've used the bridging style that most resonates with the junior advisor.

RATIONALIZING

People with a rationalizing influencing style tend to use logic and reasoning to persuade others.

Identifying this style in yourself: Are you analytical? Do you often use facts and data to support your point of view?

Scenario for identifying and working with this style: A prospective client wants to reorganize his retirement portfolio, but you feel that his specific strategy is at odds with his long-term goals. When questioned, he cites data trends and all his research, revealing that he might be a rationalizing influencer.

You shift to a rationalizing style, acknowledging the thinking that went into his strategy and asking him again what his retirement goals are. You outline the costs and benefits of several scenarios, allowing the prospect to follow the logic and conclude on his own that his strategy may not be as ideal as he thought. By appealing to your client's trust in data, you've helped open him to other options.

ASSERTING

Those with an asserting influencing style tend to use authority and assurance as their way of motivating others.

Identifying this style in yourself: Are you a straight shooter? Do you use your confidence to help motivate others to act?

Scenario for identifying and working with this style: You're speaking with a professional colleague to establish a new source of referrals. When you ask about his approach to client service, he says, "We work with people who want to work with the best." From his confident and direct manner, you recognize that he has an asserting style.

Rather than go deeply into all the reasons why you'd make a good fit, you meet his asserting style by congratulating him on what he's built and stating your position succinctly: "We specialize in what your clients need. I'm certain we're your ideal partner. Let's get to work."

INSPIRING

Those with an inspiring influencing style use example and comradery to motivate others.

Identifying this style in yourself: Are you a compelling speaker? Do you use stories and metaphors to help people understand complex ideas, to offer encouragement or to instill a feeling of shared purpose?

Scenario for identifying and working with this style: You're in an estate-planning session with your client and her 25-year-old son. Not long into the meeting, you notice the young man looks bored because the discussion doesn't feel relevant. He's looking for inspiration, but is getting a dissertation.

To make the information more relatable, you shift to an inspiring style and tell a story about another young client who put properties into a trust, which opened up possibilities he hadn't considered. You explore the idea that the young man may have kids someday and may want to take them on adventures to his family's vacation properties. He becomes emotionally invested in the conversation, and you've found a way in.

NEGOTIATING

People with a negotiating influencing style tend to search for a middle ground to motivate others.

Identifying this style in yourself: Are you a strong collaborator? Do you proactively seek ways to satisfy different interests, make room for all voices to be heard and create consensus and harmony?

Scenario for identifying and working with this style: Your client is concerned that she's not achieving the results she wants with her current investment strategy, but you're not comfortable with the new approach she suggests. You notice that she isn't demanding as much as seeking agreement – a negotiating tactic. There are hints she might be open to changing course incrementally and testing the waters.

Rather than try to convince her that she's making a mistake, you look for a way to satisfy her desire to explore something new while also protecting the long-term strategy. You offer a complimentary portfolio audit and a timetable for switching strategies. This way, if she doesn't see the results she's looking for, all is not lost. By taking a negotiation style and creating an approach that includes compromise, your client feels heard and is pleased with this new plan.

MASTERING THE INFLUENCING STYLES

According to Musselwhite and Plouffe, all five influencing styles can be effective, but no single style can address every situation.[2] When you influence from a place of habit and lean too heavily on your primary style, you reduce your odds of being heard and limit your ability to motivate others. As an advisor, understanding tendencies – yours and those of your clients – can help you get to what really matters more quickly and can reduce the noise that makes it hard for clients to make decisions. Like learning a new language, mastering influencing styles takes practice. But if you enter meetings with an open mind and listen closely to how people communicate, you can identify the styles of clients and peers and do more to influence them.

[1] Chris Musselwhite and Tammie Plouffe, "What's Your Influencing Style?," Harvard Business Review, January 13, 2012. [2] Chris Musselwhite and Tammie Plouffe, "To Have the Most Impact, Ask the Right Questions," Harvard Business Review, November 12, 2012.

This article was previously published by Charles Schwab.
Source: https://advisorservices.schwab.com/insights-hub/perspectives/influence-styles

2025 RIA Benchmarking Study: drivers and performance

KEY POINTS

1 In Schwab's 2025 RIA Benchmarking Study, Top Performing Firms[1] show which strategies are helping registered investment advisors (RIAs) grow more quickly.

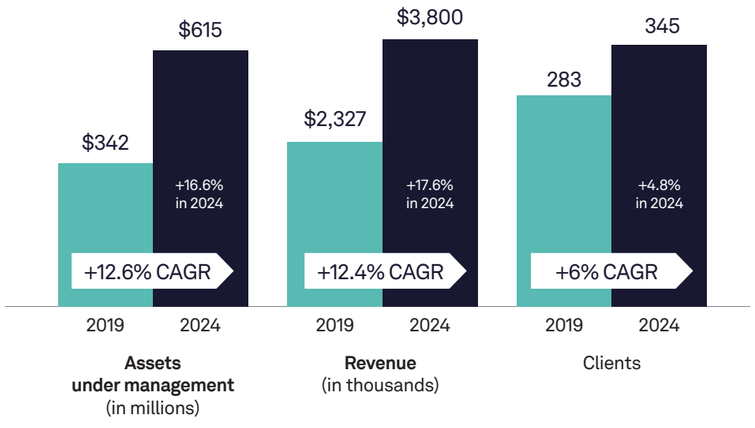
2 Organic growth remains a top priority for advisors and played a pivotal role in the overall growth of RIA firms in the study.

3 Personalizing and expanding services are high priorities for RIAs looking to retain younger clients and win over a generation that's poised to receive a massive wealth transfer.

In 2024, RIAs that custody with Schwab again reported strong organic growth, which contributed to another year of growth in overall assets, revenue, and clients.[2] In fact, over the last five years, the compound annual growth rate of assets and revenue is above 12%.[3]

These are the latest findings from Schwab's 19th annual RIA Benchmarking Study, which gathered insights from 1,288 participating RIA firms. Study participants shared their firm data and business priorities and received access to personalized results that show where they stand among their peers and what they can do to keep making progress toward their goals.

THE RIA INDUSTRY EXPERIENCED STRONG GROWTH IN 2024, WITH REVENUE LEADING THE WAY.



Median 5-year compound annual growth rate (CAGR) over the period from year-end 2019 through 2024 for all firms with $25 million or more in AUM.

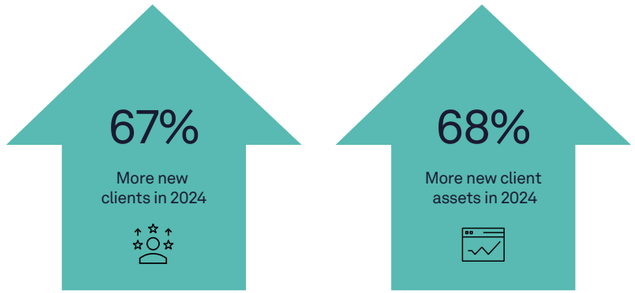
This year's study found that client trust, efficiency, scale, and new strategies are helping independent advisors win over new clients, serve them better, and increase assets per advisor. Top Performing Firms, in particular, offer a roadmap for RIAs looking to tap into new opportunities and serve clients more efficiently.

Here are a few strategies – backed by RIA Benchmarking Study data – that are helping growth-focused firms achieve long-term results.

PLAN FOR ORGANIC GROWTH

Top Performing Firms saw twice as much revenue growth and attracted 85% more new clients at the median than all other firms. One big reason may be planning for growth. Top Performing Firms typically have a written strategic plan, an ideal client persona, a client value proposition, an integrated marketing plan, and written referral plans.Referrals offer a significant opportunity for organic growth as advisors build on the success of current relationships. But referrals aren't likely to happen by accident. Firms that succeed at generating referrals often develop a comprehensive strategy that includes specific goals, outreach tactics and a clear delineation of responsibilities.

FIRMS WITH A WRITTEN MARKETING PLAN, IDEAL CLIENT PERSONA, AND VALUE PROPOSITION CONTINUE TO GAIN MORE NEW CLIENTS AND ASSETS.



Median results for all firms with $25 million or more in AUM.

PERSONALIZE EXPERIENCES

Across the study, 95% of all firms are focused on enhancing the client experience.

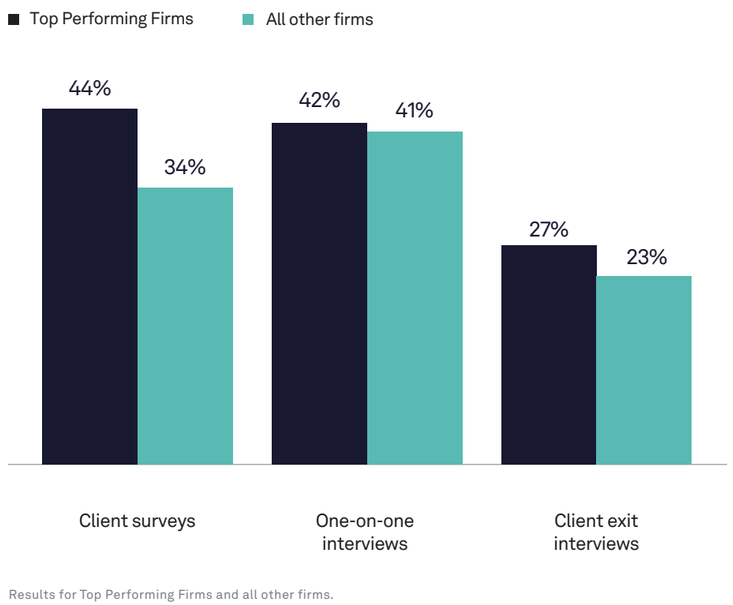
As technology allows advisors to take customization deeper, there's an opportunity for advisors to get creative. Artificial intelligence (AI) tools have the potential to help firms find and organize information quickly, allowing them to analyze client data to uncover preferences, goals and tendencies. With this information, advisors can gain a deeper understanding of what their clients want and provide more on-target solutions.

Most Top Performing Firms focus on personalization by first developing an ideal client persona. Once they understand the type of client they work with best, they're able to hone their services and communications to their ideal client's needs. In fact, the more you know about your clients, the more it makes sense to develop a formal strategy to segment specific client groups. For example, clients with fewer assets are likely to need fewer services, but as you move up the asset scale, your investment in time and resources may need to increase. The effectiveness of segmenting a firm's offer to various client groups may be why 55% of Top Performing Firms have a segmentation strategy.

Collecting client feedback can help firms increase assets from existing clients – especially during major wealth events, such as 401(k) rollovers, inheritances and business sales. By uncovering what matters most to clients, this feedback allows firms to personalize the client experience, exceed client expectations, and proactively prepare for wealth events. Here, too, an intentional plan for collecting feedback makes a difference.

COLLECTING CLIENT FEEDBACK HELPS PERSONALIZE EXPERIENCES AND EXCEED EXPECTATIONS, SUPPORTING EFFORTS TO GROW CLIENT ASSETS.

Top channels used to capture client feedback



Results for Top Performing Firms and all other firms.

FOCUS AI ON EFFICIENCY

More advisors are seeing the power of AI to streamline operations, increase productivity, and reduce costs. This year's study found that firms are using AI for[4]:

- Administrative support, such as note taking, creating meetings, or drafting emails (43% of firms)
- Generating marketing content (38%)
- Developing client correspondence (31%)
- Conducting research (22%)
- Developing client education (13%)

Firms that carefully consider the privacy and ethical implications of AI, have clear policies and procedures to govern the use of AI, and understand how to use the technology to elevate the client experience may find that AI can help them increase the number of clients and amount of assets under management (AUM) per professional.

OUTSOURCE FOR SCALE

Across the study, 85% of all firms outsource some technology tasks and 83% outsource some compliance. Marketing, human resources and bookkeeping are also common targets for outsourcing.

For a fast-growing firm, hiring and building systems within the firm can slow down growth because they pull time and resources away from serving clients and winning new ones. Many firms are finding that by outsourcing, they're able to scale at the pace of their growing business.

BE OPEN TO M&A

Over the past five years, 41% of firms have engaged in inorganic activity.[5] A merger or acquisition isn't for everyone, but inorganic growth remains popular because it can help firms solve many kinds of challenges.

Firms report pursuing inorganic growth to increase AUM, revenue, and client growth (92%), acquire talent (67%), and create scale (59%). M&A may also be the beginning of a succession strategy (37%) for some firms that don't yet have young leaders ready to take over and some firms report looking to M&A to solve operational issues (45%).[6]

DEVELOP INTERGENERATIONAL STRATEGIES

By 2048, $105.3 trillion is expected to be passed on to heirs.[7] With such a massive wealth transfer on the horizon, many firms are offering intergenerational planning strategies and services, including family education (72% of firms), estate planning (75%) and charitable planning (86%).[8]

TOP STRATEGIES TO PURSUE THE NEXT GENERATION OF CLIENTS:

- **Engaging with clients' children (68% of firms)**
- **Created diverse team of talent to better reflect younger investors (57%)**
- **Using educational tools to help build financial literacy (43%)**
- **Offering wide range of investment strategies (34%)**
- **Lowered minimums (27%)**
- **Using digital marketing strategies (26%)**

Results for all firms with $250 million or more in AUM.

UNCOVER YOUR OWN INSIGHTS

If you want detailed and personalized benchmarking results, and your firm custodies with Schwab, consider participating in the next RIA Benchmarking Study. All study participants receive access to an interactive dashboard that lets them view their firm's results across multiple comparison groups, allowing advisors to see strengths and areas for improvement.

Source: https://advisorservices.schwab.com/insights-hub/perspectives/ria-benchmarking-study-2025

1. 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.
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, divestitures, and advisors joining or leaving.
3. Median 5-year compound annual growth rate (CAGR) over the period from year-end 2019 through 2024 for all firms with $25 million or more in AUM.
4. Results for all firms with $250 million or more in AUM.
5. Results for all firms with $250 million or more in AUM. Inorganic activity represents mergers and acquisitions, divestitures, and advisors joining or leaving, from 2020 through 2024.
6. Results for all firms with $250 million or more in AUM.
7. The Cerulli Report, U.S. High-Net-Worth and Ultra-High-Net-Worth Markets 2024.
8. Results for all firms with $250 million or more in AUM.

About the 2025 RIA Benchmarking Study from Charles Schwab
Schwab designed the RIA Benchmarking Study to capture insights in the RIA industry based on survey responses from individual firms. The 2025 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. Fielded from January to March 2025, the study contains self-reported data from 1,288 firms that custody their assets with Schwab and represents over $2.4 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. 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 firms.

Past performance is not an indicator of future results.

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.

AI note takers 101: The advisor's guide



SULEMAN DIN

Among the emerging crop of Generative AI-powered tools being offered to advisors are note takers. But don't let that description fool you: These are more than just digital stenographers.

What began as simple transcription services is quickly evolving into sophisticated meeting assistants that capture not only what was said, but also the sentiment behind it, according to a new study from industry consulting firm The Oasis Group and AdvisorEngine Inc.

"These aren't just note takers – they're meeting assistants," explains John O'Connell, founder and CEO of The Oasis Group. "It's quickly gone from just capturing the transcript to now, 'OK, help me analyze this conversation.'"

> "These aren't just note takers – these are meeting assistants.
>
> John O'Connell
> The Oasis Group, Founder & CEO

The first-of-its-kind study into Generative AI tools for financial advisors tested them with a script of a client scenario drawn from daily advisor practice. The study measured a dozen factors, including transcription, accuracy and intuitiveness of use. (Generative AI, simply explained, uses algorithms to analyze content and create new content.)

The study looked at six AI note-taking apps currently available on the market for advisors: Jump, Zocks, Mili, Zeplyn, FinMate and GReminders.

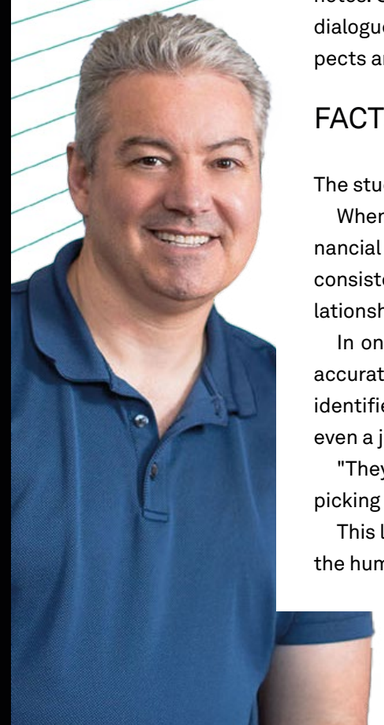
What Oasis Group's research found was that all these tools deliver impressive accuracy in capturing factual data – most achieving accuracy rates of 95% or higher – but still struggle a bit with the human nuances of client interactions.

"The greater value of these tools at the moment is how they free financial advisors and their staff from time-consuming tasks such as transcription and organizing follow-up activities," said AdvisorEngine CEO Rich Cancro.

"It allows an advisor to focus on the prospect or client instead of taking notes," Cancro said. "So now they can fully participate in the conversation – that in itself makes the dialogue more accurate, because they're fully engaged. The depth of the conversation will be better."

Cancro explained that AdvisorEngine conceived and sponsored the study with The Oasis Group, partly to gain a better understanding of the potential AI software partners it can work with, and partly to provide investment advisors with an objective, rigorous analysis of emerging AI tools.

"There's a lot of industry interest in AI, and we wanted to initiate and support research that fleshes out how well AI performs in certain ways to aid firms," said Rich Cancro, founder and CEO of AdvisorEngine. "AI Note Takers allow advisors to focus on the client instead of taking notes. So now they can fully participate in the conversation – that in and of itself makes the dialogue more accurate, because they're fully engaged throughout the conversation with prospects and clients. The conversation will be better."



FACTS VERSUS FEELINGS

The study revealed a significant gap in how AI tools handle factual versus emotional content.

When processing numerical data such as portfolio values, income figures, and specific financial goals, almost every AI note taker demonstrated precision. However, the technology consistently missed opportunities to flag personal moments that could strengthen client relationships.

In one test scenario involving a hypothetical couple planning for a new baby, the AI tools accurately captured financial discussions about college savings through 529 plans. Still, none identified the opportunity to send a congratulatory gift when the baby was born — something even a junior client relations assistant would naturally notice.

"They're great at picking up specific action items tied to financial advice. They struggle with picking up the soft skills stuff," O'Connell observed.

This limitation raises questions about whether over-reliance on AI could potentially weaken the human connections that form the foundation of successful advisory relationships.

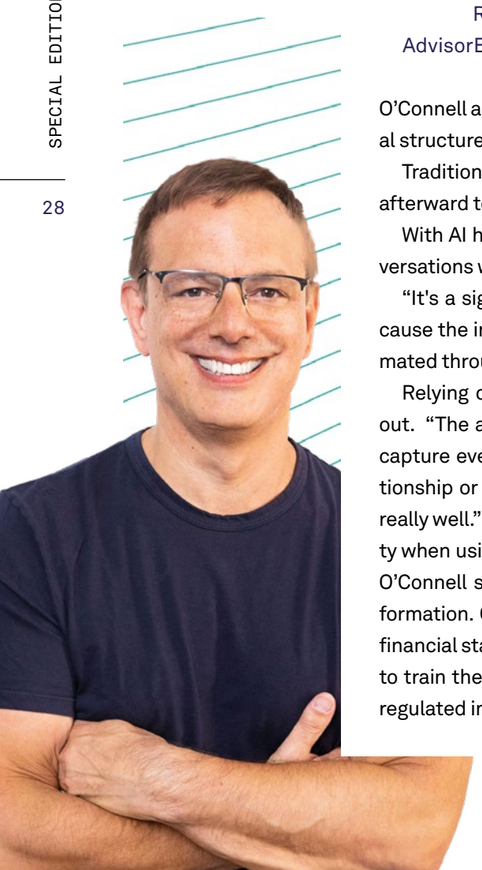
FROM TRANSCRIPTION TO PREDICTION

The evolution of these technologies has been remarkably swift. What began as transcription tools focused on capturing verbatim conversations just a year ago has rapidly expanded to include meeting summaries, identifying action items, and now sentiment analysis. Some solutions can even track speaking patterns, showing which participant dominated the conversation.

"These tools will now tell an advisor if the meeting was positive or negative," O'Connell said. "Who talked more in the meeting? It will track the most active person in the meeting: the husband spoke this percentage of the time, and the wife spoke this percentage of the time. If you're an advisor, you can learn if you are effectively engaging both spouses." Cancro said the next evolution of these tools will be their deeper integration with CRM systems to automate meeting preparation and suggest topics for future client conversations.

> "The next evolution of these tools will be their deeper integration with CRM systems to automate meeting preparation and suggest topics for future client conversations.
>
> Rich Cancro
> AdvisorEngine, CEO

The technology is moving toward what the wealth management industry has long sought but rarely achieved: genuine "next best action" capabilities that recommend appropriate follow-ups based on client circumstances, sentiment and life events.



OPERATIONS, COMPLIANCE IMPACTS

O'Connell and Cancro note that the advent of these technologies is changing operational structures within advisory firms.

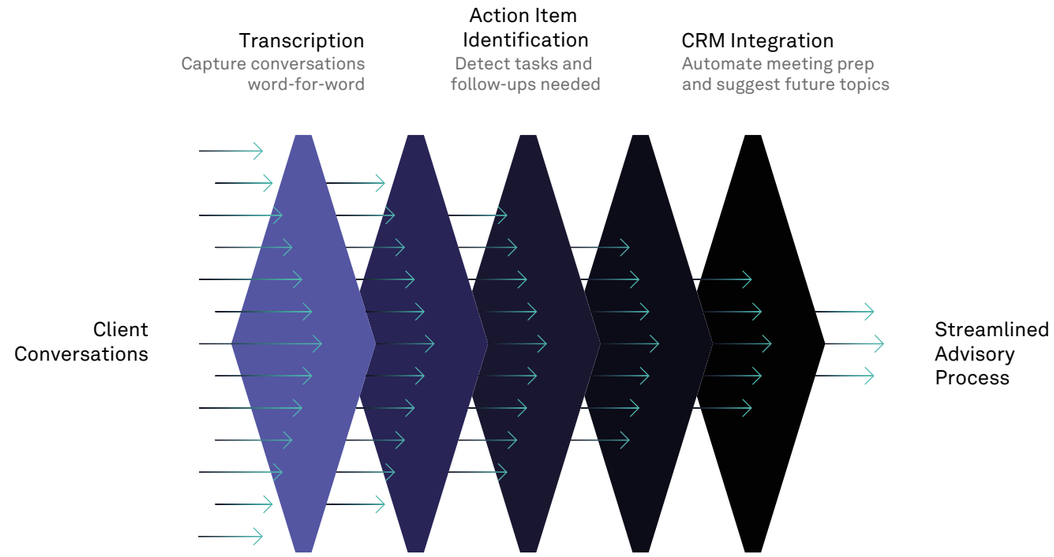
Traditionally, advisors would either take notes during client meetings or dictate notes afterward to support staff who would then enter the information into CRM systems.

With AI handling the note-taking function, advisors can remain fully present in conversations while capturing more comprehensive information.

"It's a significant level of prospect management efficiency and personalization because the information is being captured better and the tedious follow-up can be automated through deep integrations with modern CRM's," Cancro said.

Relying on human assistants is not exactly a foolproof process, O'Connell pointed out. "The advisor is expecting the CSA to capture all the notes and the CSA may not capture every key point, because they may not have the knowledge of the client relationship or the knowledge of the client's prior interactions to capture all those notes really well." The study also highlighted important considerations regarding data security when using AI note-taking tools. Firms must understand where client data is stored, O'Connell said, whether it's used to train AI models, and how to protect sensitive information. O'Connell shared a cautionary example of an advisor who uploaded client financial statements to free AI tools without realizing the data could potentially be used to train the underlying models – a significant security and privacy concern in a highly regulated industry.

AI-Enhanced Financial Advisory Process



WHAT'S NEXT

O'Connell suggests that firms should push technology vendors to improve the capture of soft skills data while continuing to involve humans in reviewing AI-generated outputs. This human-in-the-loop approach ensures technological efficiency doesn't come at the expense of relationship quality. He also expected that these tools will reduce operational costs for firms in the long run, specifically the need for support staff to attend client meetings.

"It's a force multiplier for an individual," O'Connell said. "Do I think that this technology is going to get so good that I can do a meeting by myself with it running on my phone and not have to pay for the cost of two or three people sitting in that meeting to help me? Yes. That cost will go away, 100%."

Cancro said these tools should also solidify the expectation that the advisor remains focused on clients, rather than being bogged down in laborious tasks.

"Advisors should be spending their time on deepening their existing client relationships to turn clients into referral machines as well as doing activities to create prospects and ultimately converting prospects into clients," Cancro said. "In an ideal world, their technology tools are handling tasks along with their operations and client success teams. They should be highly focused on engaging with their clients and prospects and automating as much as they can downstream."

CHELSEY SLEATOR

Senior Manager, Corporate Affairs

AI on the other end of the line (but you're not talking to a computer)



How Schwab is combining the power of its people plus advancements in generative AI to improve client service.

Generative artificial intelligence (GenAI) is continuing to break new ground at a rapid pace. And with innovations in technology coming at us so fast, it's easy to envision a future run by AI – self-driving cars, chatbots that write your work emails, and a virtual assistant that automatically buys your mother her favorite flowers on her birthday.

But as we've said before, we believe it's the combination of people and AI, not AI alone, where the opportunity really lies. After all, is it really a thank you when your mom's virtual assistant thanks your personal assistant for those flowers? And was it really even a gift in the first place?

OpenAI, the creators of ChatGPT, recently launched o1, a new family of large language models with enhanced reasoning capabilities that can tackle problems requiring multi-step reasoning and complex problem-solving strategies, opening the door for millions of new use cases for GenAI.

At Schwab we've been using AI models for many years to help drive scale and efficiency across our business, including machine learning models for fraud detection, and natural language processing models to support client services. And we're thinking about advances in GenAI the way we think about everything: How can we use this to serve our clients better?

WHAT HELPS US, HELPS CLIENTS

Since service is at the heart of who we are, we've focused on using GenAI to help our client-facing employees more easily, quickly and accurately respond to complex service situations, enabling them to ultimately improve the client experience. We recently launched the Schwab Knowledge Assistant, which is a GenAI tool that provides a ChatGPT-like experience for our client service representatives. Using large language models, a type of AI that can recognize and generate text, the Schwab Knowledge Assistant searches Schwab's internal knowledge management system, the Knowledge Center and delivers answers to complex process and policy questions quickly and efficiently, including the sources for its answer.

For a straightforward example to demonstrate how the tool works, let's say a client called wanting to know if ETFs or mutual funds were more tax efficient. The rep could simply type, "Are ETFs or mutual funds more tax-efficient?" into the Schwab Knowledge Assistant. The tool would then search the Knowledge Center and pull together an easy to digest response in conversational language, along with its source material, giving the rep a simple and verifiable explanation of the potential tax benefits of ETFs over mutual funds to share with the client.

> "Early results for Schwab Knowledge Assistant are extremely encouraging. We can already see how it is demonstrating tangible value to clients through faster response times and faster access to information.
>
> Jonathan Craig,
> Head of Investor Services, Schwab

Prior to the Schwab Knowledge Assistant, the client service professional would have searched for ETFs and then for mutual funds in the Knowledge Center and would have found a Knowledge Center article for both types of funds explaining the tax implications of each. The rep would then have had to read and comprehend both, then develop an answer for the client – a much longer process. The Schwab Knowledge Assistant now does this work for them.

We're thinking of this tool as a "fast pass" to jump ahead in the knowledge line. Not as something to replace our experts. It can help our newest reps get up to speed faster and enable our more tenured reps to help clients with some of the most complex financial scenarios.

Ana Gonzalez, a Client Service and Support representative based in Phoenix, says the tool has been a game-changer for her. "The first day I used it, it felt like I had a supervisor right next to me, helping me answer questions," she says.

And she's seen the trickle-down effect for clients. "We are able to give clients answers faster and with more confidence. We have a higher success rate of resolving questions in one call, so they can get back to their lives and the other things they have to do," she explains.

Early results show that the Knowledge Assistant may save up to two minutes for complex calls, which may not seem like a lot, but when you multiply that by about 7,000 frontline service professionals like Ana, serving thousands of clients each day, it can really add up, saving our reps and the clients they serve LOTS of time.

AI+PEOPLE>AI

The Schwab Knowledge Assistant is an example of our belief that it will be the marriage of AI with the skills of our talented professionals that will ultimately deliver the best experience and outcomes for clients. We know AI will have a significant long-term impact on our business, especially when it comes to driving scale and efficiency and helping us serve our various client segments. We will continue to evaluate where this technology can add value for our clients and employees while keeping a thoughtful approach to ensuring we live up to our long-standing commitment to keeping clients' data and finances secure.

Among the next use cases for AI that Schwab is prioritizing is the Schwab Research Assistant, which has been built on the learnings of the Schwab Knowledge Assistant. It provides a similar ChatGPT-like experience to our financial consultants and advisors, utilizing the Schwab Center for Financial Research (SCFR) as the underlying data source, which includes vast amounts of proprietary research and analysis, including expert perspectives about what's happening in the market. One of the main objectives is to reduce task time required to research and summarize this data, allowing our teams to better serve clients with more easily accessible, timely financial planning information.

"Our plan is to continue to use the best technology to support our people, enabling them to have more meaningful conversations and deliver better, more personalized support to clients," says Tim Heier, Schwab Chief Technology Officer.

CALL YOUR MOM

"Our pride is our customer service," says Ana reflecting on her role at Schwab.

And she's right. That's why our focus with AI is on helping the people that help our clients. So the lesson here is that while soon it may become tempting and easy to rely on a virtual assistant for all things, maybe just use it to remind you of your mother's birthday. And when it does, give her a call yourself, because you can't replace human connection.

This article was previously published by Charles Schwab.
Source: https://www.aboutschwab.com/mss/story/ai-on-the-other-end-of-the-line

5 growth strategies for financial advisors



BERNICE NAPACH



SULEMAN DIN

Independent advisory firms in 2025 are experiencing record-breaking growth.

According to Schwab's latest RIA Benchmarking study, overall advisory firm assets under management increased 16.6%, revenue growth approached 18%, and even client rosters saw nearly 5% increases.

What then are successful RIAs doing to stay competitive and grow further?

In discussion with Action! magazine, leaders at several firms provided their tips on how advisors can build practices that are scalable, forward-thinking and centered on delivering exceptional client experiences.

Here are five proven strategies to elevate your advisory business in 2025 and beyond:

OWN YOUR SPACE

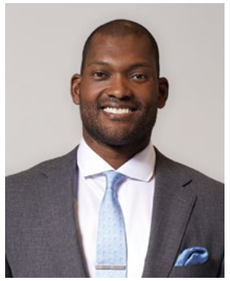
Focusing on a specific audience may seem limiting, but often, it can dramatically amplify growth potential. Some advisors find success when they tailor their services to a well-defined niche – whether that's business owners, medical professionals, retirees or other focused groups.

Why it works:

- Specialized knowledge builds deeper trust
- Messaging and marketing become more targeted
- Stronger community presence leads to higher referrals

Action steps:

- Identify common traits within your current client base
- Build a profile of your ideal client
- Customize content, services, and branding around that niche



"Developing a niche is actually something that allows for more rapid organic advisor growth," says Winston Justice, CEO of SageSpring Private Wealth in Franklin, Tennessee, south of Nashville. Individual advisor teams at his firm focus on a variety of industries where current and prospective clients operate, including sports and medicine. In addition, there's a focus on business owners as clients, helping them run their businesses, set up their retirement plans and/or sell their businesses if that's what they want, adds Justice.



Trevor Johnson, founder of Dream Weaver Financial Planning, focuses on a different type of niche — clients who are within 10 years of retirement. "I've found that they are getting to the point where they're starting to think about retirement, wondering when they can retire and how much they can spend each year. And most of them don't have a planner yet." That's not necessarily the case for those in their mid-seventies or eighties who already have a planner or are do-it-yourself investors, according to Johnson.

BUILD A SCALABLE DIGITAL PRESENCE



These days, most prospective clients look up advisors online before making contact. If your digital presence doesn't convey trust and connection, you risk being overlooked.

"The psychology of digital communication is to create an experience that stands out before a prospect even talks to you," says Joy Slabaugh, founder of the Wealth Alignment Institute, which helps individuals align their wealth with their values and helps advisors develop such supportive client relationships.

After a prospect signs on as a client, digital communications are key to maintaining the advisor-client relationship.

Core elements of a strong digital strategy:

- Clear, professional website with targeted messaging
- Educational content like blogs, videos or webinars
- Visibility through search optimization
- Thoughtful email follow-ups that nurture leads
- Consistent and intentional social media engagement

Pro tip:

Consistency matters more than frequency. One meaningful post or article every two weeks can have a greater impact than daily content without a clear strategy. Focus on solving real problems for your audience.

And do your research first before adopting any new digital strategy. Johnson recalls starting a YouTube channel to educate people about specific financial planning topics. He heard that the best approach was to use YouTube Shorts because short videos tend to appear in users' feeds more frequently than longer ones. The problem was his short videos ended up in the feeds of 18- and 20-year-olds who tend to scroll videos all day long – not his target audience. About a month ago, Johnson switched to long-form videos that directly target his ideal client.

LEVERAGE STRATEGIC PARTNERSHIPS

Sure, digital outreach is key – but real growth often comes from personal introductions. Referrals happen when clients genuinely trust and value the relationship.

Modern referral strategy:

- Deliver an experience worth talking about
- Communicate the type of clients you serve best
- Offer helpful resources or reviews as a soft introduction
- Build relationships with professionals who serve your target clients



Pro tip:

Celebrate loyal clients who refer others – whether it's with a handwritten note or a small act of appreciation. The goal is to create advocates, not just referrals. "Referrals and COIs [centers of influence such as attorneys and CPAs] are a huge piece of our growth, " says Brett Bernstein, CEO of XML Financial Group, headquartered in Bethesda, Maryland. "The first step that we did was to survey our entire firm to understand what our advisors are interested in and what they believe their clients are interested in? If I see, for example, that I have three advisors who like wine, we can use different AI strategies to tell us that we have 40 clients who are interested in wine, so shouldn't we be doing a wine event?"

Such events can be a perfect setting for clients to bring friends and family members.

Justice of SageSpring Private Wealth says about one-third of his new business comes from referrals and another third from strategic partners such as CPAs and attorneys. "There's a clear, distinct division of labor. We focus on the things that we do very well, which are wealth planning, retirement planning and financial planning. We're not going to draft trust documents…but the attorney who drafts trust documents [for our clients] may have their own clients that need wealth management services."

But advisors shouldn't expect working with COIs will necessarily result in mutual referrals. "It's more important that I have a great estate attorney to do the estate plan for a client than whether they're going to refer me business," says Bernstein.

STREAMLINE OPERATIONS TO RECLAIM TIME

Advisors often face growth bottlenecks due to time-consuming administrative tasks. Streamlining your workflows through automation and improved systems enables you to scale your service – without compromising quality.

Areas to optimize:

- New client onboarding
- Meeting preparation and follow-up
- Portfolio rebalancing and reporting
- Appointment scheduling and reminders
- The goal isn't to replace the human touch – it's to create more space for it. When routine tasks are handled efficiently, you can focus more energy on client relationships and strategic planning.

CRM systems play a crucial role in streamlining operations at advisory firms, helping to manage client interactions, simplify workflows, and enhance client service. These systems are now being further enhanced with the aid of AI.

"We're using AI to take detailed notes at meetings, to identify commitments from meetings and then to identify who has the follow-up," says Justice.

Finding the best ways to streamline operations can be challenging. "You have to have the right people, the chief technology officer, for example, who can bring you the resources and the tools to streamline the strategy," says Bernstein. Faced with different communication preferences among clients, Bernstein's firm ultimately switched its communication system to Zoom for phone calls, texts and video. Even XML's internal chatting system now uses Zoom.

EVOLVE FROM ADVISOR TO LIFE PLANNER

Today's clients seek more than financial advice – they want a trusted partner for all of life's milestones. Advisors who focus on long-term life planning build deeper, more loyal relationships.

> "If you want to grow your firm, you have to have a coordinated effort. You have to put real resources behind it and you have to give it time.
>
> Brett Bernstein, CEO, XML Financial Group

Key elements:

- Align financial plans with personal values and goals
- Support clients through life transitions (retirement, divorce, inheritance, etc.)
- Offer emotional and behavioral coaching around financial decisions
- Provide financial wellness options for families or businesses

Clients who feel seen, supported, and understood are more likely to stay – and to bring others with them.

FINAL THOUGHTS

There's no one-size-fits-all path to growth. However, by narrowing your focus, strengthening your digital presence, creating memorable client experiences, optimizing your workflow and expanding your value beyond investments, you will position yourself for long-term success.

"If you want to grow your firm, you have to have a coordinated effort," says Bernstein. "You have to put real resources behind it and you have to give it time, and if you're not going to do all three of those things, I don't believe it will work in today's day and age."

Ask yourself:

- What parts of my business scale – and what doesn't?
- What makes my service truly different?
- How do I attract new clients without constantly selling?
- Am I offering the kind of experience people remember and recommend?

The best growth doesn't come from doing more – it comes from doing the right things, better.

READY TO TAKE THE NEXT STEP?



Growth doesn't have to be overwhelming. You can start small, focus intentionally and move forward strategically. Consider connecting with peers, mentors or coaches who can support your vision.

Growth isn't about hustle. It's about clarity, and now is the perfect time to begin.

Advisors also "have to have core tenets as a firm," says Megan Gorman, founder of Chequers Financial Management, in San Francisco, California. "Clients want steadiness, consistency…culture, service, delivery, insights into markets, taxes and estate planning and what they should be doing to be financially safe."

RIA succession planning: Ending on your terms

KEY POINTS

1. A succession plan offers a roadmap to monetize what you've built while helping your firm continue to thrive.
2. It's important to start talking now about what you, your team, and your clients want. This will help you develop a succession plan that's good for you and your firm.
3. There are four succession models: selling, transferring ownership internally, merging with another firm or recruiting an external successor. Each comes with challenges that require careful consideration.

Succession drama is great for TV, but do you want that for your business? A succession plan can help you retire comfortably knowing that your hard work has paid off and what you've built will last.

An increasing number of RIA founders recognize the need for an exit strategy. Schwab's 2024 Independent Advisor Outlook Study found that 41% of advisors believe aging advisors is the most significant factor shaping the RIA industry.[1] This matches Cerulli's finding that 37% of advisors will retire in the next 10 years.[2]

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of advisors believe aging advisors is the most significant factor shaping the RIA industry.[1]

In Schwab's 2024 RIA Benchmarking Study, 75% of Top Performing Firms and 52% of firms with assets under $250 million had a written succession plan[3]. That's progress, but it means that just under half of small firms could be thrown into crisis if a principal leaves suddenly.

A succession plan offers a roadmap for how to monetize what you've built, set your team up to succeed after you're gone, and make sure clients will get the service they expect. To kickstart the development of a plan that balances all three, consider a few questions.

WHAT ARE YOUR HOPES FOR THE FIRM AFTER YOU LEAVE?

For many founders, an RIA firm is more than a business. It's a personal triumph. You bet on yourself and won. That's why it can be hard to hand over the business to someone else.

However, most founders also want to know that their legacy will continue. Understanding what is at the core of your legacy and what kind of person (or people) can carry it on is fundamental to any succession decisions you make.

It can be helpful to begin including succession conversations in your strategic planning. Even if you're not yet sure what you want, talking about it and taking steps such as profiling a potential successor or partner, can help clarify your intentions.

WHAT DO CLIENTS AND YOUR TEAM WANT?

For your business to succeed after you're gone, it will need to retain current clients. Similarly, there's tremendous value in keeping together a team that is experienced, has good relationships with clients and shares your values. The better you understand what clients and employees want to see in a succession plan, the more successful the transition can be.

WHAT IS YOUR BUSINESS WORTH?

However you plan to transfer ownership, you'll need to assess the value of your firm and think about how much of that value you want to take with you into retirement.

One note about valuation. Be prepared for an independent assessment to come in lower than you had hoped, especially if your clients are in the last years of life. The chance that their wealth will be divided up or that their heirs will not be future clients can drag down the value of your firm.

If your firm's valuation is important to you, you might undertake a strategic planning process that focuses on ways to increase the firm's value. Also, don't overlook your value proposition. Potential successors will be interested in more than money. A strong value proposition can make your firm more attractive to the right successor.

HOW MUCH CASH DO YOU NEED WHEN YOU LEAVE?

How much of the value of your firm were you hoping to spend during retirement? An honest assessment of the money you'll want from your firm will help you focus on the succession models that can most closely match your expectations.

WHAT SUCCESSION MODELS APPEAL TO YOU?

There are four basic approaches to RIA succession: selling to an outsider, transferring ownership to existing owners or employees, merging with an existing firm that will eventually take full control, and recruiting an external successor. Each approach offers a range of opportunities and challenges.

Selling the firm to an outsider

A sale is likely to yield the highest dollar value for your firm in the short term. For owners who are ready to walk away and have plans for the value their firm has

created, this can be an attractive option. The downside is you may have less control over how your firm operates in the future or even if it continues. And if the buyers bring a different culture to the firm, it could upset clients and staff. You can try to write stipulations into the sale agreement to prevent some disruption, but that can complicate negotiations and scare away some buyers.

Transferring ownership internally

Many RIA owners find internal succession both attractive and daunting. An internal successor is likely to carry forward the firm's culture and values. They're also familiar to clients and will be more likely to project a sense of business-as-usual during the transition. However, it's often difficult to hire a successor because it can mean many years of investment in a person who might not ultimately work out or who might decide they want something different.

Monetizing the business can also be a challenge. Can a potential successor or successors slowly buy out an owner's shares in the company and are they willing to? Do you give equity in the business as compensation? And is equity available only to certain people or do you want to spread ownership throughout the firm? Complicating these questions is the time factor. Have you planned far enough ahead for an internal successor to both take over day-to-day management and offer you the value you need from your firm?

Merging with another firm

A merger can sometimes accomplish both short- and long-term goals. For example, if your firm doesn't offer estate planning expertise and many of your clients need estate planning services, you might merge with a firm that does have that expertise to better serve your existing clients and attract new clients. That's the win-now side of the transaction. If the principal or principals at the firm you're merging with are younger and entrepreneurial, you might also have a successor who can continue to serve your clients after you're gone.

Recruiting an external successor

If your firm doesn't have an obvious successor already on staff and a sale or merger is not what you want, you might be able to recruit a successor from another firm.

Ideally, an external successor will have extensive experience and a shared vision for the firm. Like an internal succession, you'll need to find a way for your successor to gain shares, either by purchasing them, accruing them as compensation, or both. The challenges of an external successor are similar to a sale. Staff members might not be happy with this new leader or clients could fail to connect with them. Culture fit is important and can take time. But unlike a sale, where you transfer ownership and walk away, you may be forced to deal with the headaches of a mismatched successor over many years and could even see the value of your business decrease if clients and staff are unhappy.

A PLAN CREATES POSSIBILITY

There's no such thing as a perfect succession plan. What's important is that you have thought through various scenarios for how your succession might go and put into motion the foundation for a successful transition.

Many advisors find that succession doesn't quite play out how they thought it would, but by starting early they're able to adapt to challenges and ultimately complete a succession process that benefits everyone.

This article was previously published by Charles Schwab.
Source: https://advisorservices.schwab.com/insights-hub/perspectives/ria-succession-planning

[1] "Independent Advisor Outlook Study," Schwab Advisor Services, October 2024. https://advisorservices.schwab.com/resource/schwab-independent-advisor-outlook-study-2024
[2] "Activating Your M&A Strategy," Schwab Advisor Services, February 2024. https://si2.schwabinstitutional.com/SI2/Published/Content/News/resource/activating-your-merger-and-acquisition-strategy
[3] 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.

About the 2024 RIA Benchmarking Study. Schwab designed the RIA Benchmarking Study to capture insights in the RIA industry based on survey responses from individual firms. The 2024 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 4,800 firms have participated, with many repeat participants. Fielded from January to March 2024, the study contains self-reported data from 1,304 firms that custody their assets with Schwab and represents $2 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 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 firms.Past performance is not an indicator of future results. For general informational and educational purposes only.

Action! Items

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