

Why RIAs are the future of financial advising

Own your tomorrow

The RIA model has been growing in prominence for years. And now it's having a moment. Forces are converging not only to shine a spotlight on the benefits of independence but to fundamentally transform the financial advising industry. Find out what this means for financial advisors today.

For years the Registered Investment Advisor (RIA) model has been growing in prominence. And now forces are converging to fundamentally transform financial advising in the model's favor. Investors are demanding more from the companies they work with. Traditional advisor models are holding firms back from evolving to attract a new generation of clients. Innovation is making possible things once thought difficult or impossible.

With these influences shaping the industry, independent RIAs are poised to come out on top. Clients want the personal, investor-first service that RIAs can deliver. Independent advisors are fueling tremendous opportunity by pooling their talents. And the well-established network of businesses that support RIA firms is booming, offering more choice and sophistication.

Beyond returns—investors want trust

With complex financial pictures to consider and more information available than ever, clients want someone on their side to help spot the signal in all the noise. The advisor-client relationship is no longer one of biannual meetings and occasional check-ins. It's now one of 24/7 access and collaboration, supported by an ever-changing array of messaging, video conferencing, and instant-notification apps and platforms. Investors are looking for someone they can trust to guide their holistic financial pictures with agility and ingenuity and to always do what's best for them.

As the rest of the industry moves to meet this demand, RIAs are already on the cutting edge. Independent RIAs are held to a fiduciary standard and put their clients' best interests ahead of their own. And the market continues to shift in their favor. The RIA channel is capturing more assets every year. Investors are figuring out the difference between suitability and fiduciary standards—if not in name, in practice—and it matters to them.

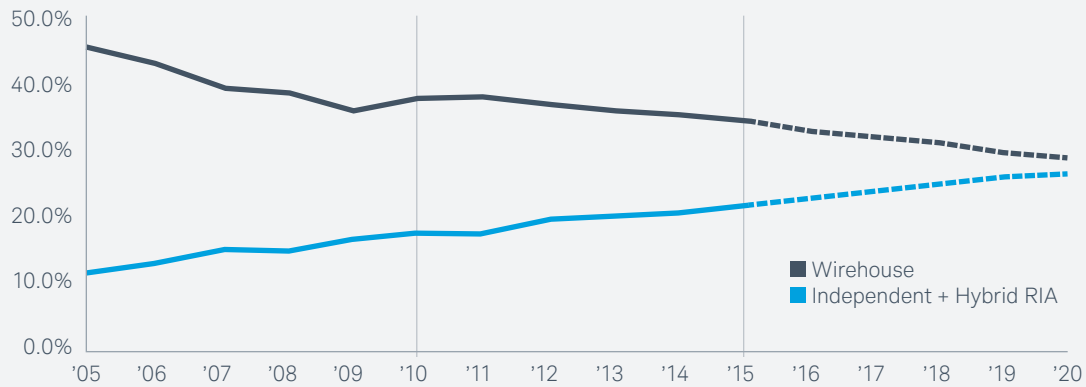
Even wirehouses are recognizing the shift and making changes to look more like RIAs. Tim Oden, national managing director of business development at Schwab Advisor Services™, believes this lightbulb will continue to click on for investors, leading to a shakeup in the industry. Schwab Advisor Services provides custodial, operational, practice management, and trading support to more than 7,500 independent RIA firms of all sizes and has been working with RIAs for over 30 years.

Becoming the big fish

Win after win has carved out a channel where RIAs of all kinds are thriving, including many that are larger and more complex. Many successful teams across the industry are seeing the shift and are turning to the independent model for greater opportunity. These teams are agile. They're specialized. They capitalize on each advisor's strengths to offer broader and deeper

RIAs predicted to grow at expense of wirehouses

Historical and projected market share of advisor-managed assets



Source: *The Cerulli Report: U.S. Advisor Metrics 2016*, Exhibit 4.09 and Exhibit 4.15.

services. Most important, these teams build businesses around their clients—not the other way around.

“This educational inflection point is going to come to bear,” says Oden, “and RIAs will become the dominant player.”

Breakaway teams are disrupting the industry at a time when innovation is the expectation. And innovation doesn't end after the transition. RIA firms are capitalizing on their momentum, with groundbreaking ideas for serving clients and growing business.

Some firms are pursuing strategies such as mergers and acquisitions at a record clip to

help them scale, broaden capabilities, improve technology, enter new geographic markets, and compete with traditional firms. And they're making a splash. Shirl Penney, CEO and founder of Dynasty Financial Partners, a service provider for RIA entrepreneurs, believes the writing is on the wall: Soon RIAs are going to be the biggest players in the game.

“In the next 10 years, we'll see significant national brands emerge,” says Penney. “In 20 years, they'll be household names.”

More—and more sophisticated—support

As RIAs have grown in size and number, a booming support system of advanced service providers and consulting firms has matured around them. RIAs have access to industry-leading technologies, top-tier consultants to help them manage their practices, firms eager to invest in their futures, and much more.

This robust infrastructure gives RIAs choices, with solutions for just about any need. “We have more service providers than ever before,” says Brian Hamburger, founder of MarketCounsel, a business and regulatory consulting firm for entrepreneurial investment advisors. “More will come online each and every year because this is where the industry is heading.”

These solutions aren’t cookie-cutter—they’re sophisticated. The solutions are breeding RIA leadership in some of the industry’s most important categories, such as technology and navigating the upcoming generational wealth transfer. And the innovation shows no sign of slowing down.

Dawn of a new era

The movement of advisors to the RIA channel isn’t new. But the momentum that’s building in their favor has never been so palpable. Schwab’s Tim Oden has seen this moment on the horizon for years.

“Every year, RIAs take market share away from everyone else,” says Oden. “At some point, it is not a trend—it’s a transition.”

Find out more
about what’s making
all this possible.

Get your copy of the *Forward Momentum* white paper, an in-depth analysis of how today’s circumstances are transforming the financial advising industry—and how teams can capitalize on the opportunities ahead.

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