

RAYMOND JAMES

2024 RIA BENCHMARKING SURVEY

Annual findings on practices, sentiments and services
from the RIA & Custody Services division



2024 State of the RIA

Each year, Raymond James RIA & Custody Services (RCS) conducts a survey of our registered investment adviser (RIA) principals to gauge processes and practices within the RIA space. This feedback allows us to focus our efforts on what matters most to our RIA clients, ensuring your needs remain our top priority.

Though the survey was originally developed for an internal report, peer comparison can be an important tool for goal planning and strategizing, so we are glad to share a selection of the survey data with you.

In total, consider this document a “state of the RIAs” report with insight into trends and changes to help you focus your growth efforts or modify your service offerings.

OUR BOTTOM LINE

We administer this survey each year to hear how we’re doing – directly from you, our RIA clients. Each year is a lesson. While we have maintained a high degree of satisfaction, with 88% of RIA principals reporting a positive experience with RCS and our service associates, this experience helps us stay abreast of your needs and the industry’s changes.

Thank you for your continued confidence in our work, and know that we remain committed to continuing to meet your needs with constant improvement and enhancement in a sector of the market known for its innovation.

Your goals are ours, and we will continue to work toward even higher levels of satisfaction on behalf of you, your clients and your vision for your business.



SURVEY DATE AND POPULATION

The 2024 RIA Benchmarking Survey was conducted from March 14 through April 26, 2024, and received responses from 165 of the 434 RCS principals contacted, a total of 46% RIA firm response rate.

KEY FINDINGS FOR 2024



HIGH-NET-WORTH SERVICES

The rate of respondents offering “family office services” more than doubled since 2023, from **20%** to **41%**. Similarly, respondents offering investment banking services increased from **15%** to **26%** and trust services from **48%** to **68%**.



REGULATORY CONCERNS

For the first time in this survey’s four-year history, respondents said compliance requirements were the top challenge they were facing, swapping places with “growth in your RIA.”



SUCCESSION PLANNING

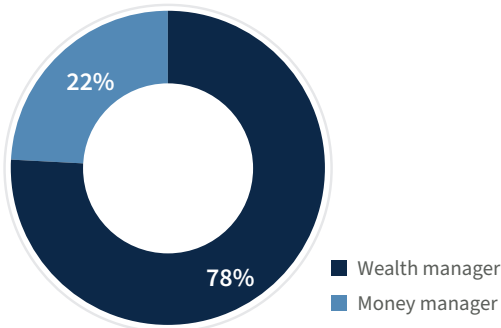
Seven in ten respondents said they have a documented, long-term succession plan, a **40%** improvement from 2023. Further, **87%** of respondents said they have a catastrophic event plan.

RIA firm structure

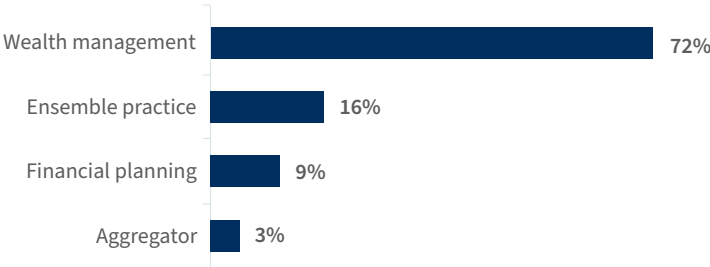
The RIA landscape is growing, in headcount and assets under management. These industrywide changes have also been reflected among our client firms.

WHICH OF THE FOLLOWING BEST DESCRIBES YOUR FIRM?

A large majority of respondents continue to say financial guidance and planning is their focus, though more than one in five highlight their asset management capabilities as their principal business activity.



WHAT BEST DESCRIBES YOUR BUSINESS MODEL?



WHAT BEST DESCRIBES THE STRUCTURE OF YOUR FIRM?



ASSETS UNDER MANAGEMENT

This year showed a sharp increase in the percentage of our RIA clients that manage assets between \$500 million and \$1 billion. This is consistent with the growth of both RCS and the greater RIA marketplace.

MARKET INSIGHT

27%

Amount of total retail assets under management that are managed by RIAs

11%

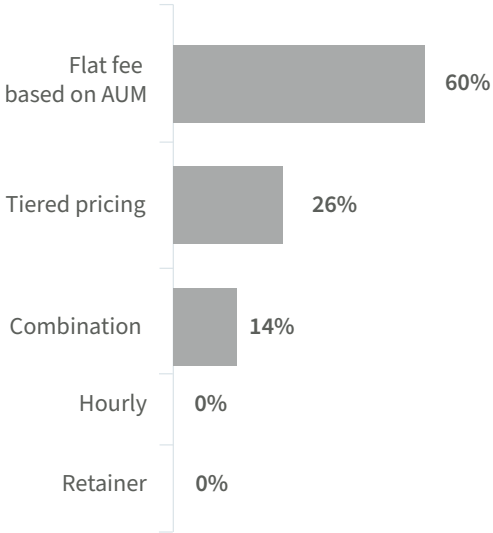
One-year growth in the number of retail-focused RIA firms

9%

One-year growth in advisor headcount in the RIA marketplace

Source: U.S. RIA Marketplace 2023, Cerulli Associates

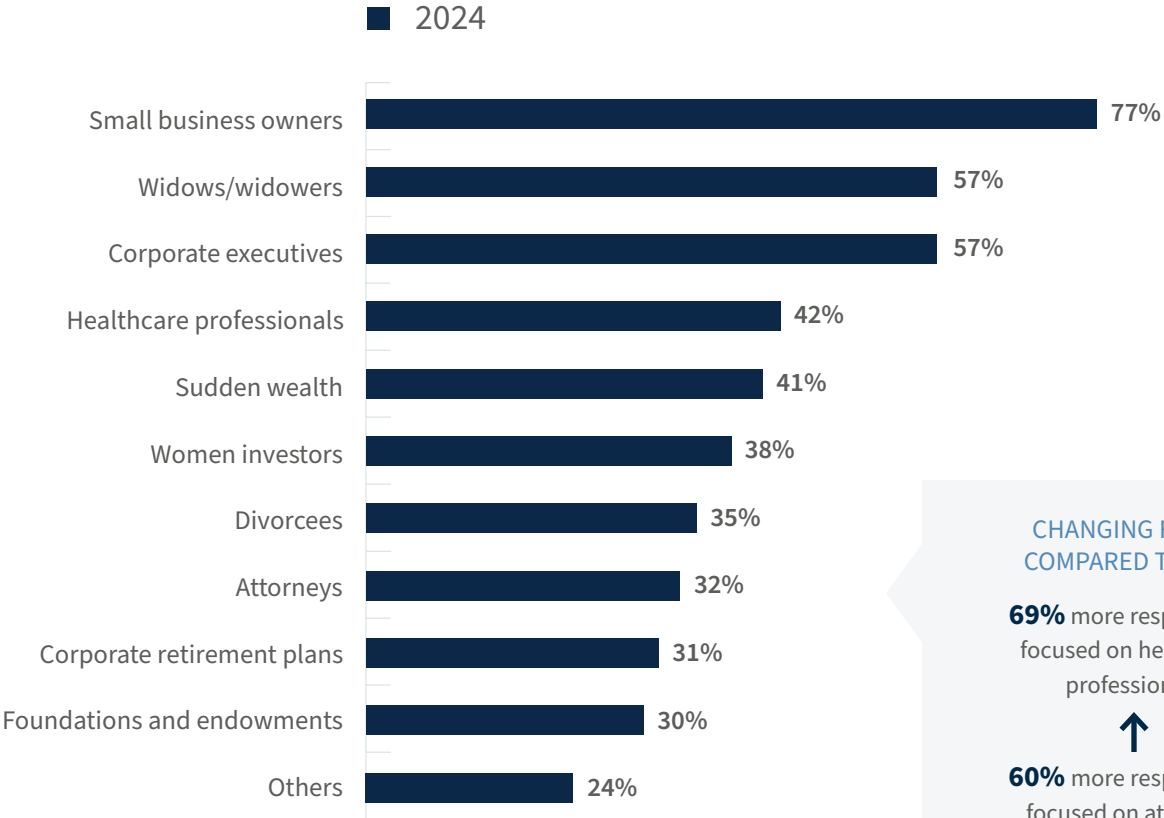
FEE AND PRICING STRUCTURE



Targeted client niches

RIA firms are increasingly seeking to accommodate the typically more complex financial needs of high-earning and high-net-worth clients, in line with a business model that favors larger client relationships and broader service models.

WHAT CLIENT NICHE DO YOU SERVE?



MARKET INSIGHT

253 Number of clients served by an average RIA

Firms with more than \$500 million in assets under management serve an average of 476 clients. Those under \$25 million AUM average 94 clients.

Source: U.S. RIA Marketplace 2022, Cerulli Associates

CHANGING FOCUS COMPARED TO 2023

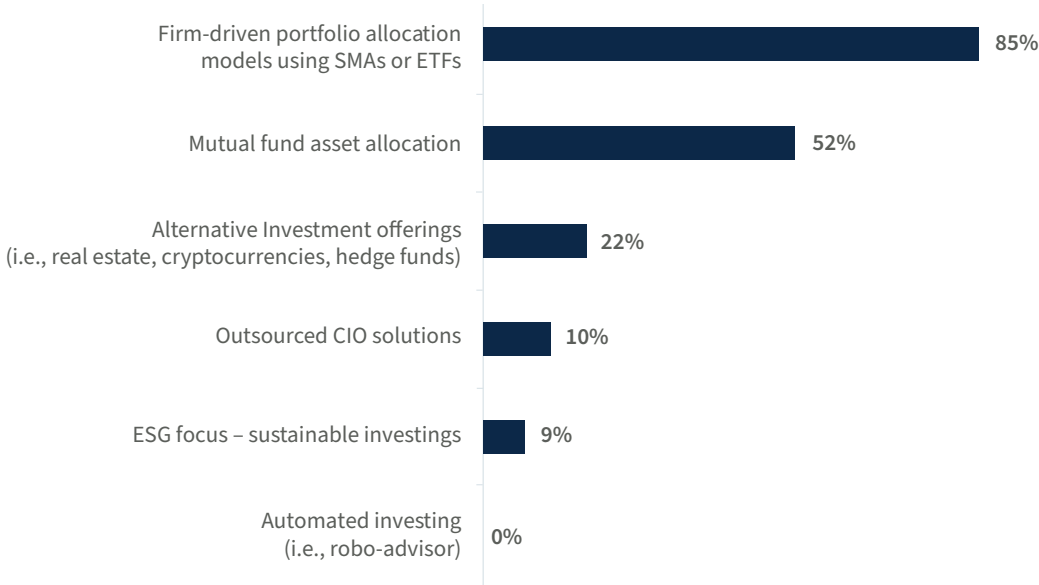
- 69% more respondents focused on healthcare professionals ↑
- 60% more respondents focused on attorneys ↑
- 52% more respondents focused on women investors ↑
- 50% more respondents focused on foundations and endowments ↑
- 33% more respondents focused on widows and widowers ↑

Investment management style

Active portfolios remain the bread and butter of respondents’ portfolio strategies as more than one in seven respondents (85%) said they use model portfolios comprising separately managed accounts (SMAs) or exchange-traded funds (ETFs). This is down from 2023, when 96% of respondents said they used firm-driven model portfolios.

This may reflect a change in RIA firms’ investment management styles but is more likely the result of our survey now asking if respondents use mutual fund asset allocations.

HOW DO YOU DESCRIBE YOUR INVESTMENT MANAGEMENT STYLE?



RESPONDENTS’ PORTFOLIO STRATEGIES

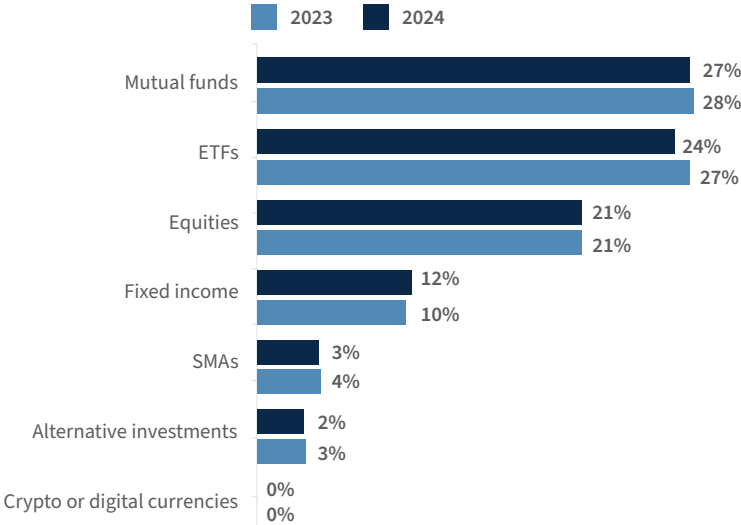
63% ACTIVE

29% PASSIVE

41%

of respondents said they plan to add or expand exposure to alternative investments, which is consistent with 2023’s results.

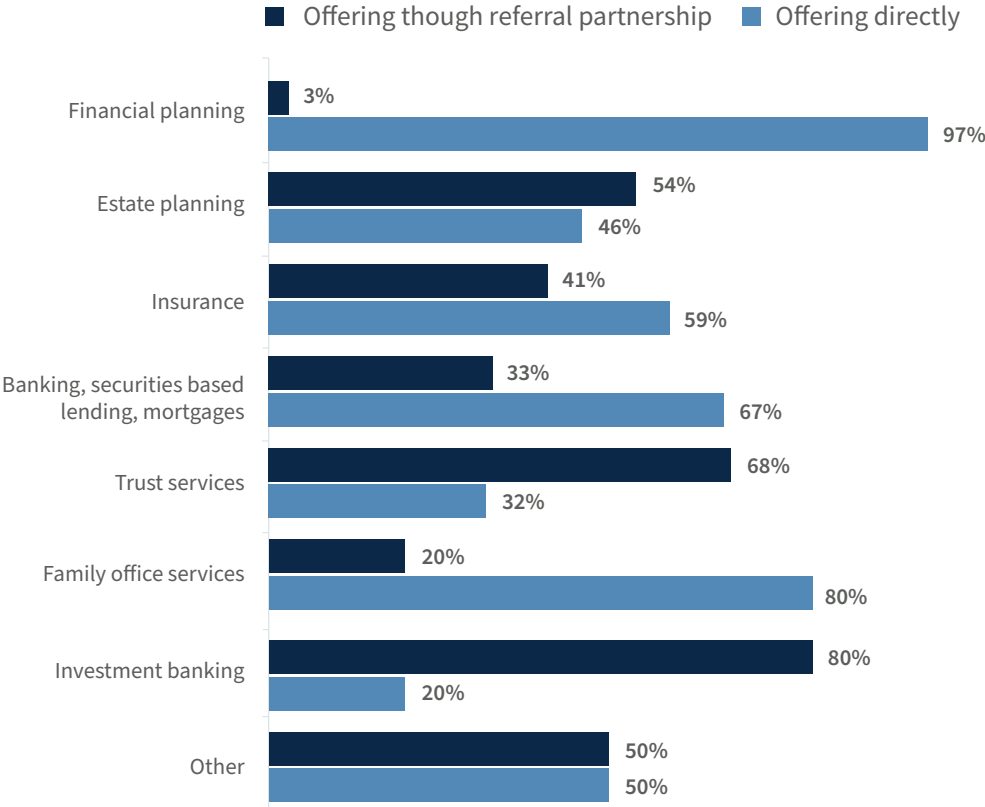
WHAT PERCENT OF YOUR PORTFOLIOS ARE EXPOSED TO:



Product offerings and services

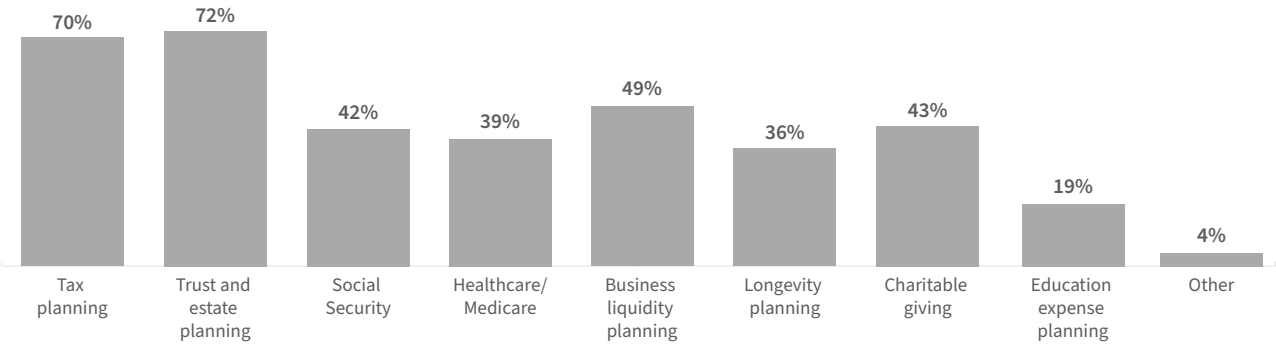
Respondents' increasingly offered services typically associated with high-net-worth clients, with trusts, family office services and investment banking services seeing large year-over-year increases. While family office services are mostly provided in-house, the large majority of respondents' firms relied on referral partnerships to provide trust and investment banking services.

DIRECT OR REFERRAL SERVICES

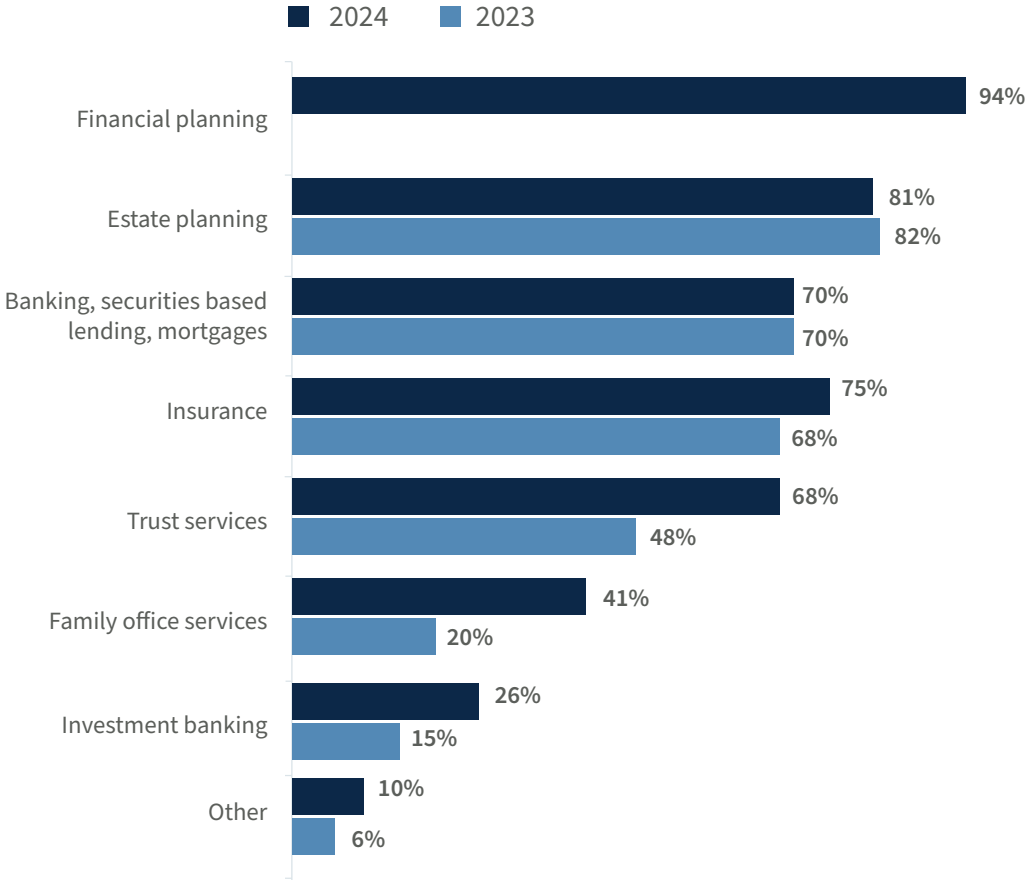


CLIENT EDUCATIONAL RESOURCES

Respondents were asked: What topics would add the most value to your practice?

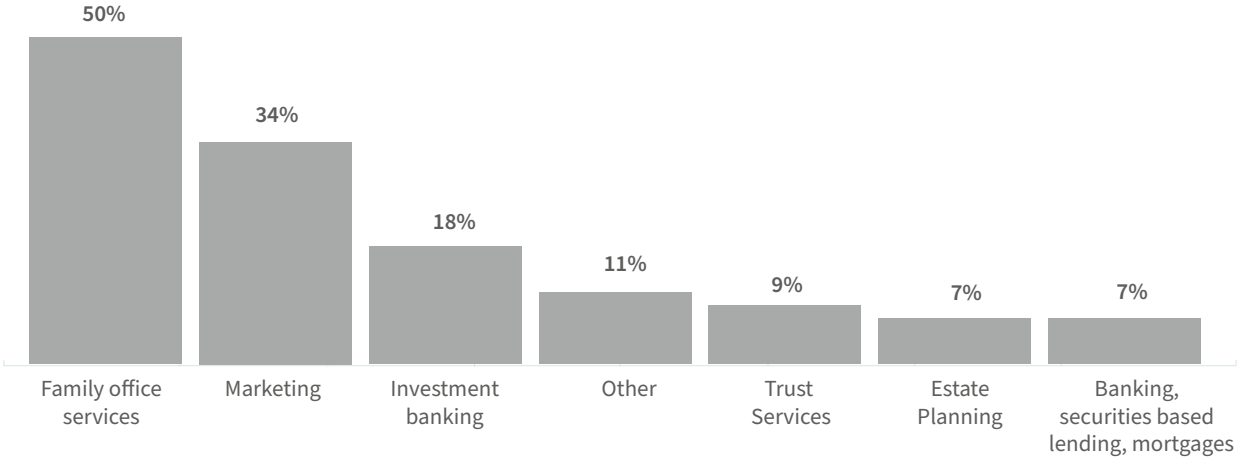


SERVICE OFFERINGS, YEAR CHANGE



INTEREST IN RAYMOND JAMES SERVICES

Percent of respondents who noted interest in specific service areas



Business goals and strategies

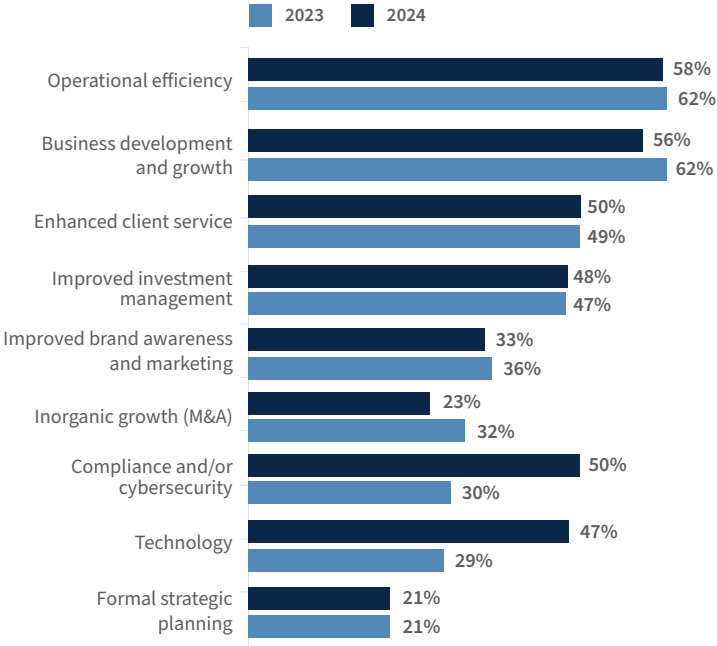
While growth and operational efficiency again lead the list of respondents’ top goals for 2024, RIA principals expressed heightened interest in technology, cybersecurity management and regulatory compliance in 2024.

2024 CHALLENGES AND OPPORTUNITIES

RIA principals ranked their top day-to-day challenges:

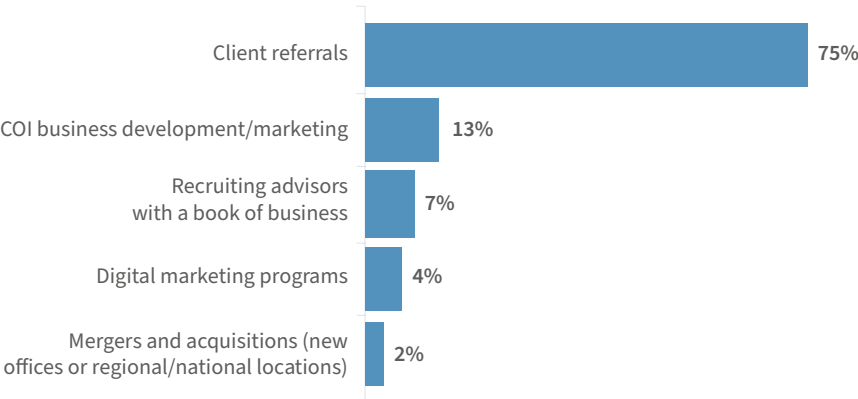
2023	2024
1. Growth in your RIA	Compliance requirements
2. Compliance requirements	Growth in your RIA
3. Technology infrastructure	Technology infrastructure
4. Talent management	Cybersecurity
5. Cybersecurity	Talent management
6. Profitability of your RIA	Succession planning
7. Succession planning	Profitability of your RIA

RIA principals stated the top priorities for their firms:



AUM AND REVENUE GROWTH STRATEGIES

While client referrals have remained respondents’ top growth strategy since this survey’s inaugural year, they’re share has significantly grown in the past two years. Meanwhile, fewer respondents are now using centers of influence and marketing as their primary growth strategy.



MARKET INSIGHT

71%

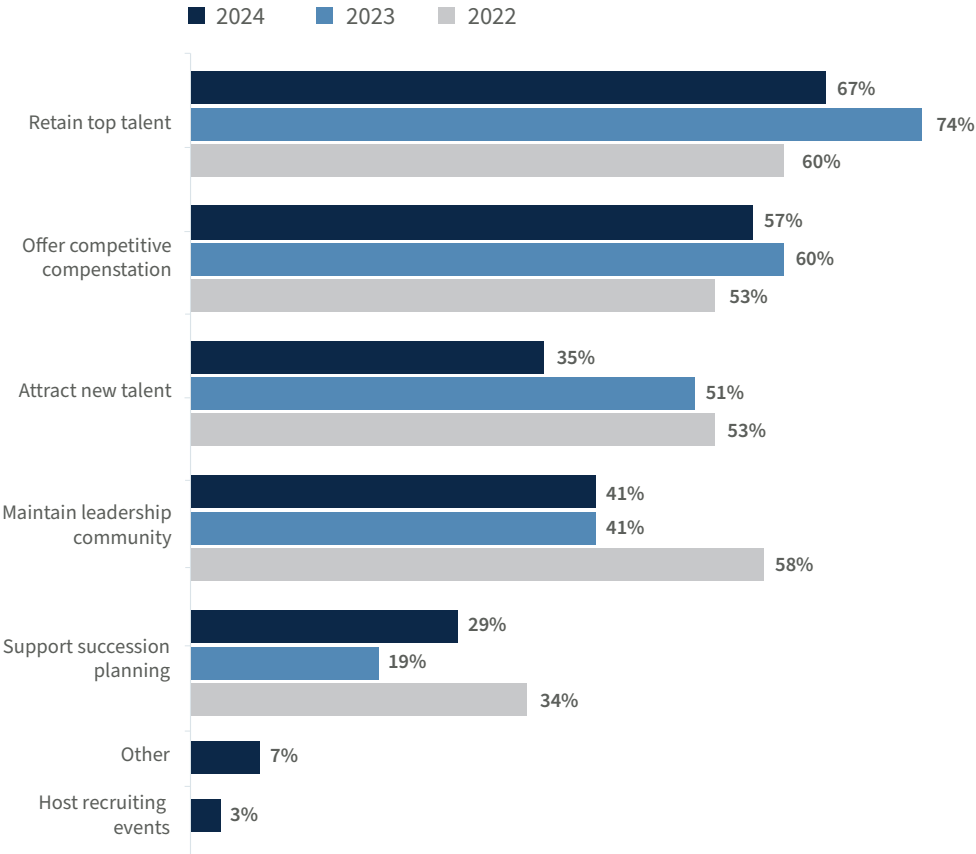
Market share of RIAs with more than \$1 billion in assets under management, which comprise just **7%** of RIAs. Further, **47%** of RIA advisor headcount is with these firms.

Source: U.S. RIA Marketplace 2023, Cerulli Associates

Talent management

RIA principals continue to see attracting new talent as less critical to the sustenance and growth of their firms while succession planning has seen a significant uptick.

METHODS FOR SUSTAINING AND GROWING OPERATIONAL TALENT



DOCUMENTED SUCCESSION PLANS

Catastrophic event plan
87%
 2023: 79%

Long-term succession plan
70%
 2023: 50%

MARKET INSIGHT

Many hats make it work, but add challenge

In the early days of an RIA, personnel specialization is a privilege few firms can afford, according to Cerulli. Cross-training is key, providing essential coverage and managing risk.

However, this is easier said than implemented, as more than half (52%) of RIAs surveyed by Cerulli said they struggle with structuring roles and responsibilities.

Further complicating this is the fact that talented, ambitious employees are often more interested in sharpening their specialization than in broadening their functions. Nearly half (47%) of RIA principal respondents said creating clear career paths for their employees is a challenge.

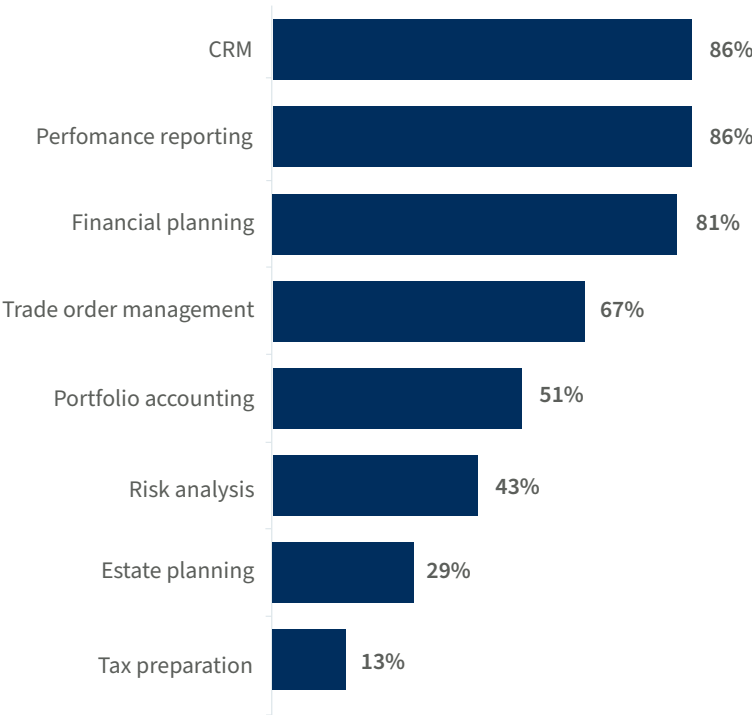
That said, those that master this balance – guided by a strong business plan and growth strategy – may be able to gain the scale needed to support career path specialization, which can pay dividends in talent retention and client satisfaction.

Source: U.S. RIA Marketplace 2023 Cerulli Associates

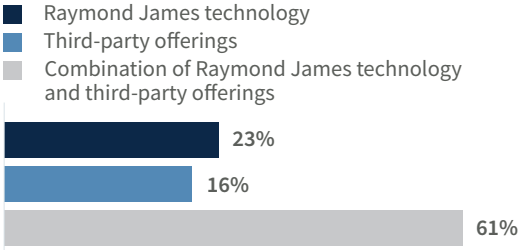
Technology utilization

Broadly, rates of technology use for back-office and client-facing functions remained stable compared to 2023, with most respondents reporting that they use client relationship management, financial planning, trade order management and portfolio accounting software. Estate planning technology was the only category with a notable change in usage, year-over-year, increasing by nearly a third.

MOST UTILIZED TECHNOLOGIES

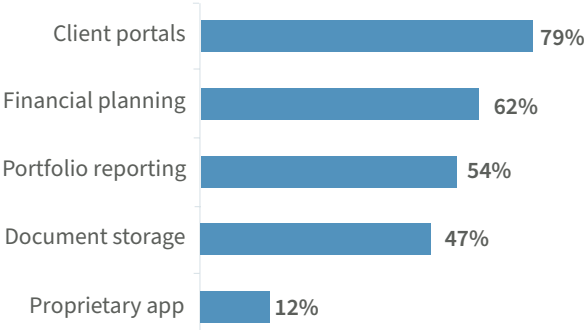


TECHNOLOGY PROVIDERS IN USE

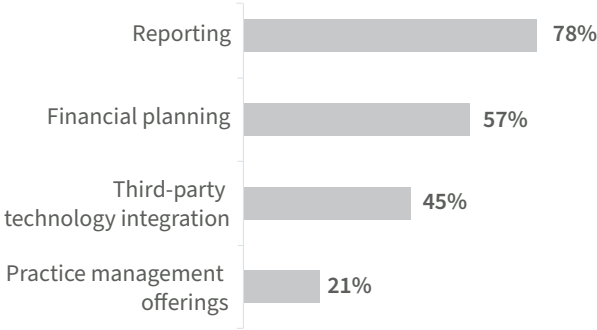


38%
of respondents said they are planning to add to their technology stack this year.

CLIENT-FACING TECHNOLOGIES IN USE



LEVERAGED CAPABILITIES



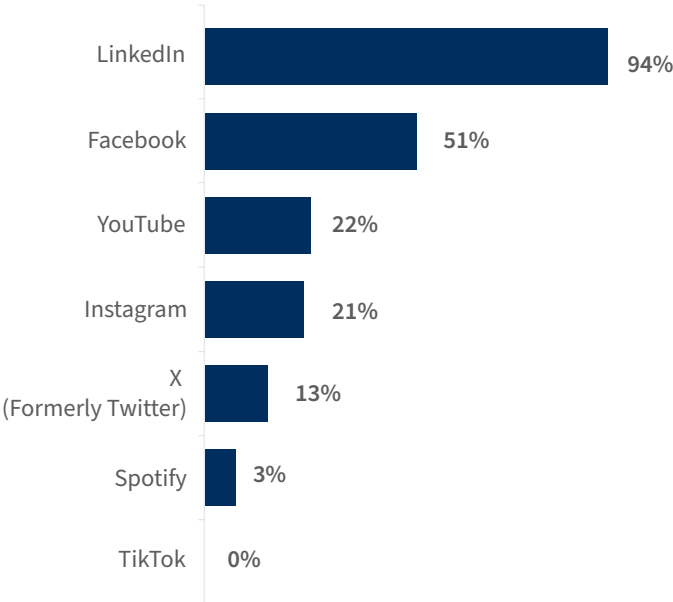
Marketing and communications

Interest and usage in SEC-compliant texting continues to grow, showing that respondents are adapting to their clients' preferences while managing the regulatory roadblocks with the support of technology.

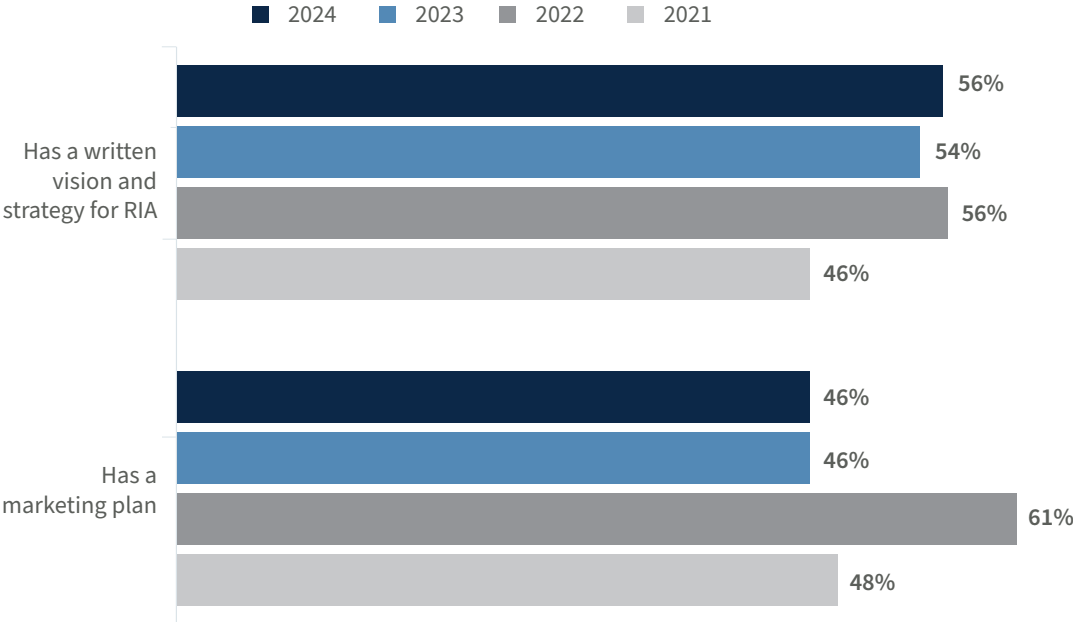
CLIENT COMMUNICATION METHODS

- 1. Client review in-person meetings
- 2. Phone
- 3. Email
- 4. Client review virtual meetings
- 5. Texting app
- 6. Portal
- 7. Native device texting

SOCIAL PLATFORMS USED



MARKETING STRATEGY



NEW COMMUNICATION METHODS

Percentage of respondents who said they would like to develop these methods of communication:



SEC-COMPLIANT TEXTING

76%



PORTAL

34%



VIDEOCONFERENCING

28%

See how we use the best of our firm to support yours.

Learn more about Raymond James RIA & Custody Services at
raymondjamesria.com.

For our RIA partners, search RCS on RJnet or contact your RCS service advisor directly.

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