

RAYMOND JAMES

2021 RIA BENCHMARKING SURVEY

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



Insight into the RIA environment

Raymond James RIA & Custody Services (RCS) conducts an annual survey of its registered investment adviser (RIA) principals to gauge sentiments, guide service enhancements and benchmark our performance compared to prior years. Though developed originally as an internal report, we know that peer comparison can be an important tool for setting strategy. Thus, we are sharing a selection of our survey data. Consider this a type of “state of the RIAs” report that can help you understand trends and changes, which may help you focus your growth efforts or modify your service offerings.

Survey date and population

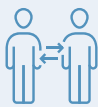
The 2021 RIA Benchmarking Survey was conducted from February 18 through March 22 and received responses from 47% of the 298 RCS principals contacted.

RCS CLIENTS' CONTINUED CONFIDENCE

The main goal for the annual survey is for RIA clients to tell us how we're doing. This year, we're proud to report that 9 out of 10 principals reported a positive experience with RCS and our service associates.

Despite this affirmation, we remain committed to constant improvement. Our aim is to continuously enhance our service and our offerings to RIAs and their clients, and to help our RCS partners grow.

KEY FINDINGS FOR 2021



More client contact

53% of RCS principals said their number of client touches increased through the COVID-19 pandemic. Only **12%** said their number of client touches decreased. Respondents also noted that in-person meetings are coming back, but virtual meetings are likely to stick around in a strong way.



Increased service diversification

Most RIA principals now say they are offering a diverse service model. Within specific services, there has been a notable jump in interest for insurance and investment banking with the help of Raymond James.



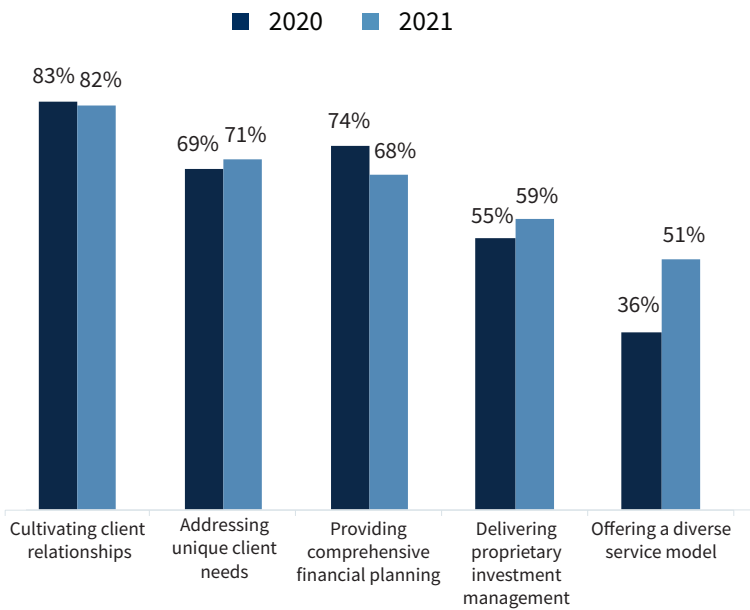
The value of a good reputation

In 2020, most RIA principals said **client referrals** were their primary growth strategy. In 2021, more agreed – **14%** more. Marketing and business development saw its share increase by about **6%**, while advisor recruitment and M&A lost popularity as primary strategies.

RIA firms and their offerings

A majority of RIA principals said a diverse service model is among their areas of expertise – a more than 40% increase since 2020. And since last year, insurance and investment banking services saw a surge in interest as potential service expansions.

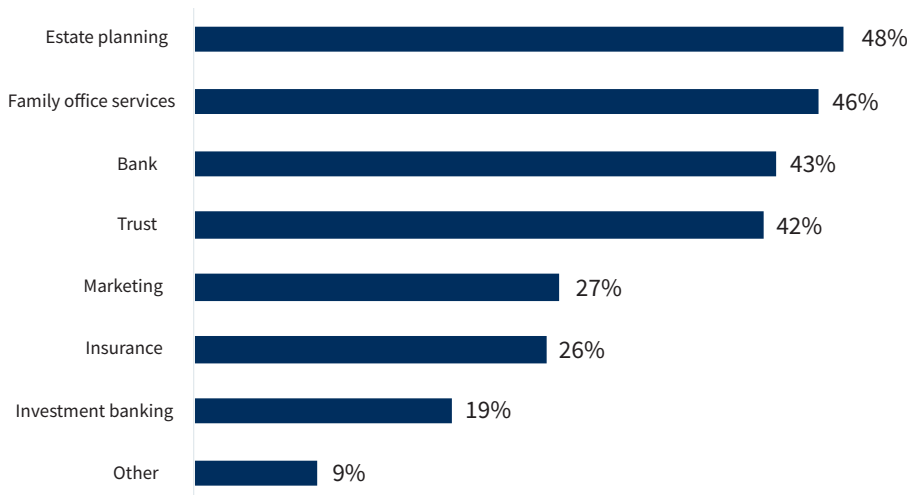
Q: WHAT ARE YOUR AREAS OF EXPERTISE?



How RIAs are organized

The majority of RCS firms are wealth managers utilizing an investment management style of proprietary offerings. Nearly 8 in 10 principals said their firms were structured as ensembles or sole proprietorships. Ensembles make up about half the total number – a larger share than 2020 – while the percentage of sole proprietorships declined. A smaller contingent are organized under silo or aggregator models. Silos saw an uptick in popularity compared to 2020, while aggregators’ share declined.

Q: WHICH OF THE FOLLOWING NEW SERVICES ARE YOU INTERESTED IN OFFERING WITH SUPPORT FROM RAYMOND JAMES?



COMPARED TO 2020

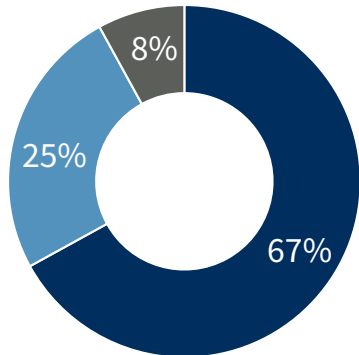
↑ 43%

Insurance

↑ 138%

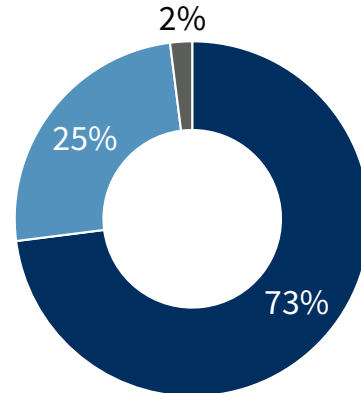
Investment banking

Q: WHAT IS THE PRIMARY OFFERING THAT YOU PROVIDE TO YOUR CLIENTS?



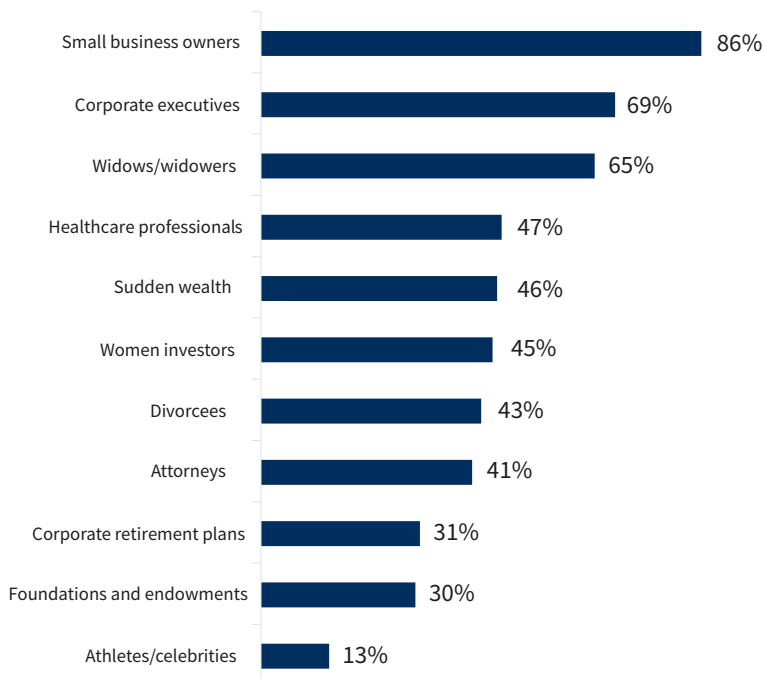
- Comprehensive wealth management
- Investment management
- Financial planning

Q: WHAT IS YOUR PRICING STRUCTURE?



- Tiered pricing
- Flat fee
- Retainer

Q: WHICH OF THE FOLLOWING NICHE CLIENT GROUPS DO YOU SERVE?



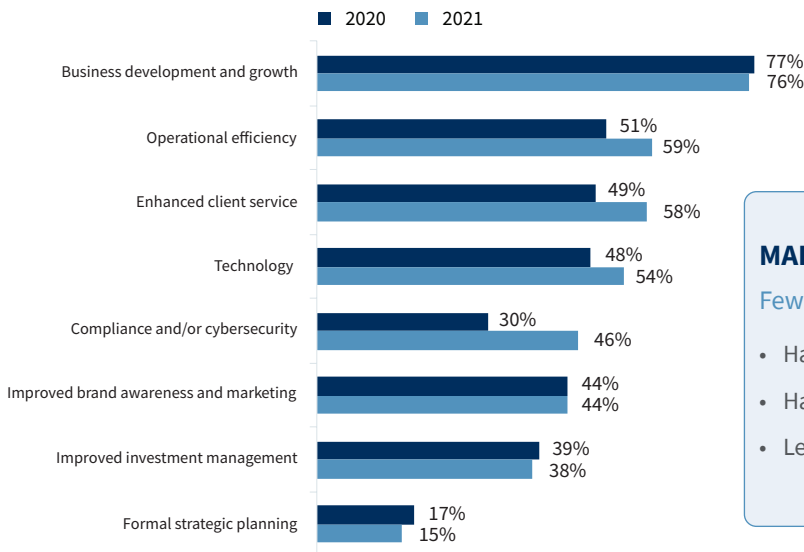
COMPARED TO 2020

- ↑37% Attorneys
- ↑35% Sudden wealth
- ↑18% Widows/widowers

RIAs' growth strategies

RCS principals again listed growth as the top challenge they face daily. Through 2020 and into 2021, an increased number of respondents said they relied on client referrals as a primary growth strategy, though there are complexities within that figure.

Q: WHAT ARE THE TOP STRATEGIC PRIORITIES OF YOUR FIRM?



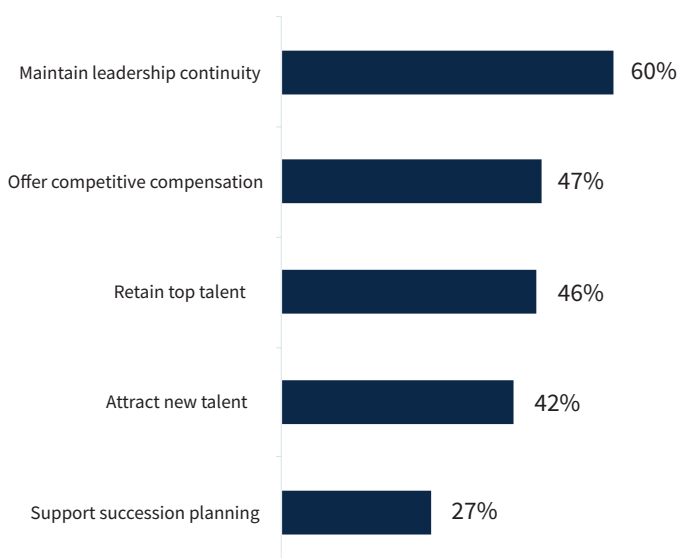
MARKETING AND CLIENT COMMUNICATION

Fewer than half of survey respondents said their firm:

- Had a vision or strategy plan
- Had a marketing plan
- Leveraged social media



Q: HOW DO YOU MAINTAIN AND GROW YOUR RIA?



BUSINESS CONTINUITY

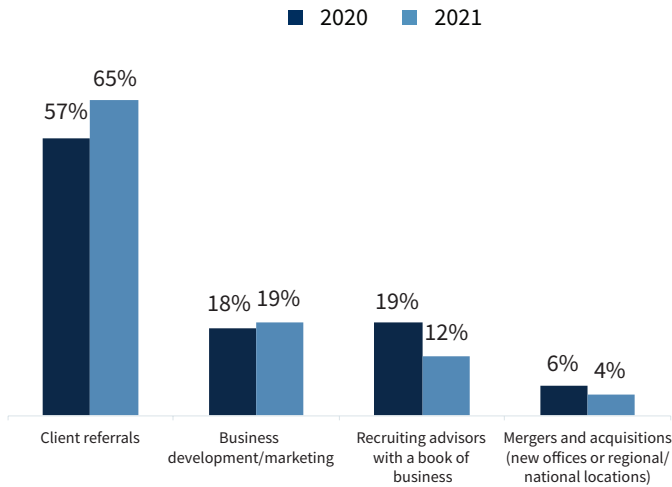
79%

of respondents said they had a plan for their business that addresses their death or disability – **34%** more than in 2020.

49%

of respondents said they have a long-term succession plan that addresses their eventual retirement.

Q: WHAT IS YOUR PRIMARY GROWTH STRATEGY?



Q. HOW IS YOUR RIA RECRUITING TOP TALENT?

Most common answers:

- Competitive payout models and sharing firm profits
- Offering a strong basket of tools and services
- Organic growth through existing clients and advisors, including referrals and word of mouth
- Professional networking
- Providing a flexible working environment that promotes career growth
- LinkedIn and other outside recruiting services/platforms



Remote working capabilities

- More than three-fifths of respondents said they will expect employees to work in the office.
 - A similar number said they do not intend to change their real estate management.
- About one-quarter of firm principals said they are comfortable with remote workers.



Internal talent development

More firms are focusing on the talent in their firms by expanding professional development opportunities. Compared to 2020:

- 36%** more RIAs said they offered casual or impromptu opportunities.
- 19%** more RIAs provided financial support for achieving professional designations.



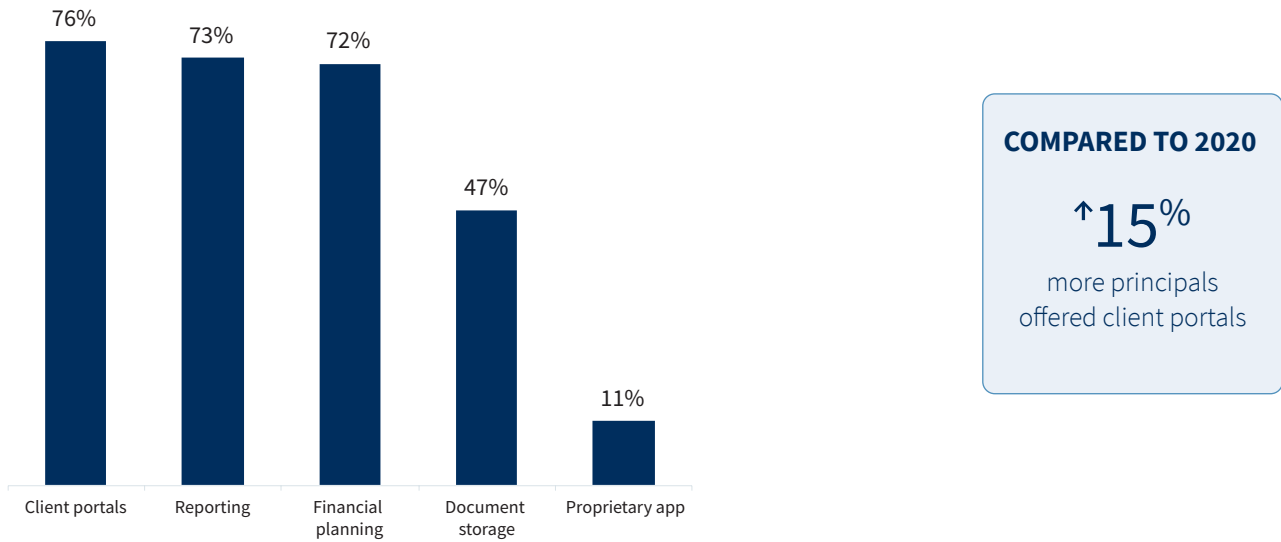
RCS principals listed their most present day-to-day challenges:

1. Growth
2. Regulatory requirements
3. Technology infrastructure
4. Talent management
5. Succession planning
6. Profitability

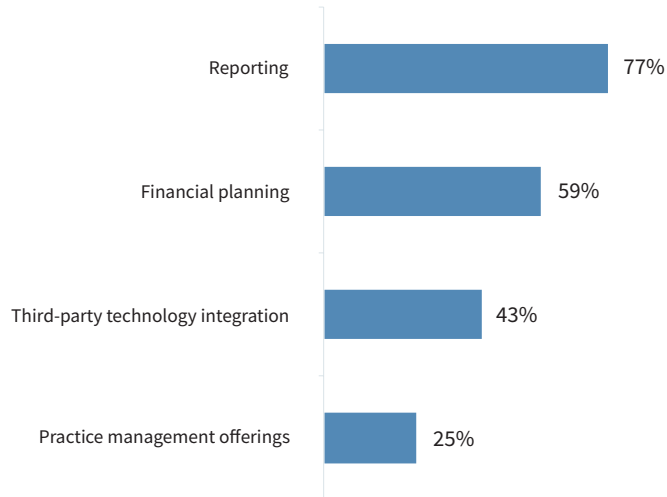
RIA firms and technology

Client-facing technology has become a common supplement to advisors' relationships, especially through the pandemic when client portals saw a large increase in popularity.

Q: WHAT CLIENT-FACING TECHNOLOGIES DO YOU OFFER?



Q: WHAT CUSTODIAN CAPABILITIES DO YOU LEVERAGE?



Q: WHICH IS THE PRIMARY METHOD OF COMMUNICATION WITH YOUR CLIENTS?



Email
35%



Phone
32%

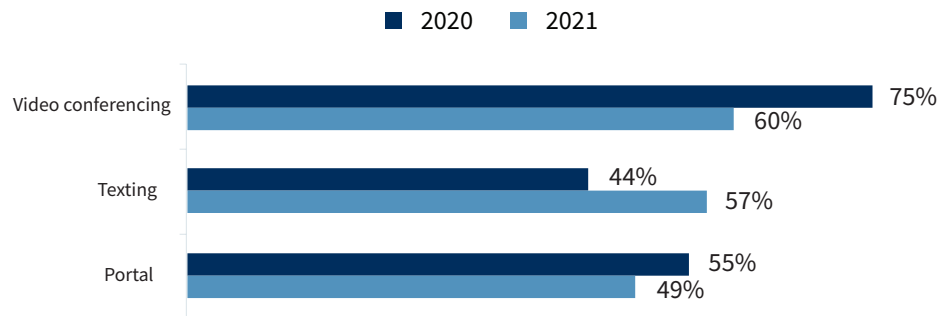


Client meetings
32%



Portal
1%

Q: ARE THERE ANY NEW WAYS YOU WOULD LIKE TO COMMUNICATE WITH YOUR CLIENTS?



Q: WHAT PRACTICE MANAGEMENT CHANGES HAVE YOU MADE AS A RESULT OF THE PANDEMIC THAT YOU INTEND TO CONTINUE IMPLEMENTING?

Most common answers:

- Greater use of video meetings and phone calls
- More consideration for remote work or hybrid arrangements
- Enhanced technology use and digitization of processes

The future of meetings

Once pandemic concerns subside, RCS principals said they expect that more than half of client meetings will be conducted in person. The phone is expected to be used about one-quarter of the time and video conferencing will likely remain a regular option. RCS principals said they expect **21%** of client meetings to use the technology.



Our commitment to forward-thinking technology

“Understanding the complexities of managing an investment advisory business, we remain committed to developing technology tailored to their needs and designed for the future.”

– **Greg Bruce, head of RIA & Custody Services**

Curious to learn more?
Contact RCS
or visit raymondjamesria.com