

Schwab: Coronavirus fails to derail RIA hiring goals this year

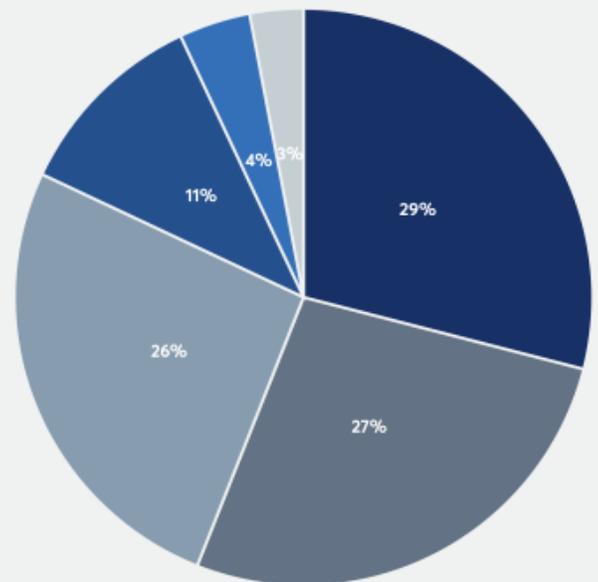
By Ann Marsh

July 30, 2020, 3:32 p.m. EDT



Why firms share equity (if they do)

- Retain talent, 27%
- No equity share, 29%
- Support succession, 26%
- Leadership continuity, 11%
- Compensate employees, 3%
- Attract new books of business, 4%



Source: Schwab Benchmarking Study, 2020

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So how has this bleak picture impacted RIAs' hiring plans for 2020? The answer: Not that much.

"Astute RIA leaders recognize that now is an opportunity for growth," says Catharine Aguilar, chief marketing officer for Atlanta-based CornerCap Wealth Advisors, which proceeded with a new hire in March, early on in the pandemic even as markets were bottoming out.

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A new Charles Schwab study backs that up, finding that 73% of 1,010 RIAs surveyed earlier this year — three-quarters of which responded after March 1, roughly coinciding with the onset of the global health crisis — plan to hire in the next 12 months. Last year the number was 76%, according to Schwab's annual RIA Benchmarking Study.

Collectively the firms, which include RIAs of all sizes and at every growth stage, manage \$1.1 trillion in assets under management.

"They are looking to build strong firms for the future, and thinking they are going to build market share," says Schwab's Lisa Salvi, vice president in the Advisor Services division, which oversees the study.

RIAs' continued focus on net organic growth has helped them "smooth the impact of volatile markets," the study found.

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Catharina Aguilar of CornerCap Wealth Advisors has attracted younger clients by marketing "the girl's guide to surviving the financial crisis" on Instagram. *CornerCap Wealth Advisors*

Travis Maus, managing partner of S.E.E.D. Planning Group in Binghamton, New York, says his firm is "crushing it" through the downturn. Schwab selected Maus and CornerCap's Aguilar to discuss the study as part of a call with reporters.

S.E.E.D. Planning Group posted 42% AUM growth last year and has already grown 20% this year, Maus says. The firm's AUM is \$166 million according to its SEC Form ADV. Maus says the firm has \$26 million in new assets it has yet to report.

"It's all assets from new clients," Maus says, "and that's dealing with this market."

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"The more we teach about money, the more money stays in our community, the more sustainable we are," says Maus, who says his firm has adapted to the new realities of 2020.

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"The first two months of coronavirus, we were kind of frozen in place," he says. "After that it was, 'OK, back to growth mode.'"

Aguilar says her firm is steadily attracting new millennial clients through an Instagram campaign for its My Accumulation Plan service that targets younger clients without many assets to invest. The campaign draws in viewers by advertising "the girl's guide to surviving the financial crisis" and "the value of knowing your worth," she says.

Schwab's survey similarly found most firms remain focused on acquiring new clients in addition to leveraging new technology to increase productivity and to improve their strategic planning.

It helps that RIAs entered 2020 from a position of strength, the study says.

The compound annual growth rate for respondent firms hit \$761 million at the end of last year, up from \$424 million in 2015. Using the same measure and time frame, their revenue grew to \$4.2 million last year from \$2.9 million and the average number of their clients grew about 30% from 302 to 389 per firm.

Having clearly articulated and written goals provides a clear strategic edge, the study found.

Firms that documented both their preferred client type and value proposition attracted 28%

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As they grow, firms are increasingly offering new service lines, including tax and estate planning, lifestyle management, charitable planning, financial literacy education for clients' family members and bank services, such as managing CDs and money market products.

Productivity is also on the rise, the study found. Client-facing professionals at RIAs, for example, have increased the AUM they handle to \$99 million last year from \$89 million in 2015.

The last downturn drove a new wave of clients to RIAs, says Salvi, who thinks the same thing is happening now.

"They get a lot of referrals" during volatility, she says. "People appreciate the high-touch and personalized approach that they build into their client experience."

Ann Marsh Senior Editor, Financial Planning 



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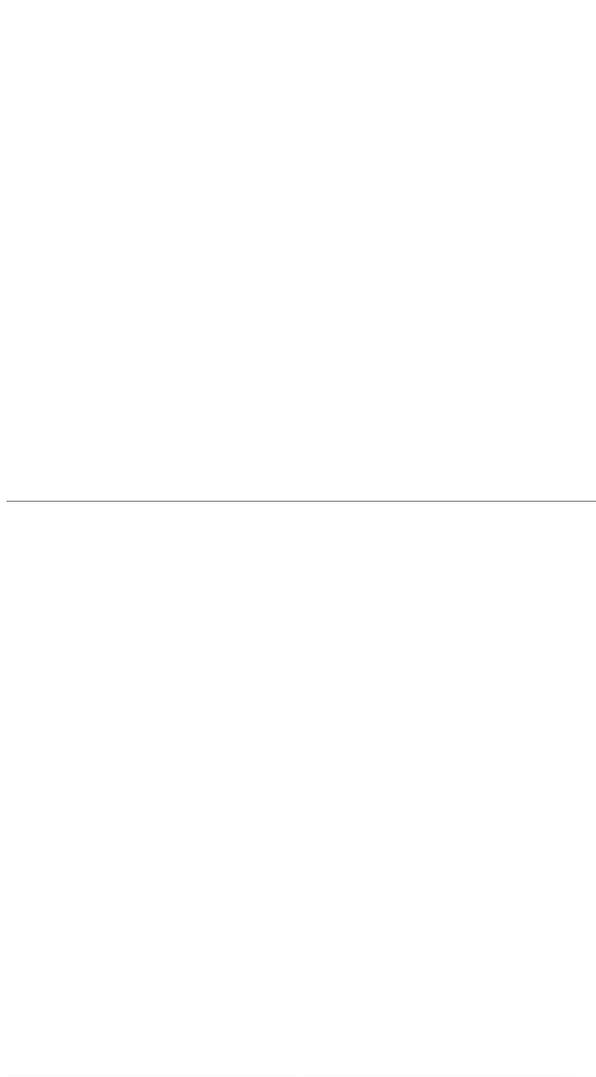
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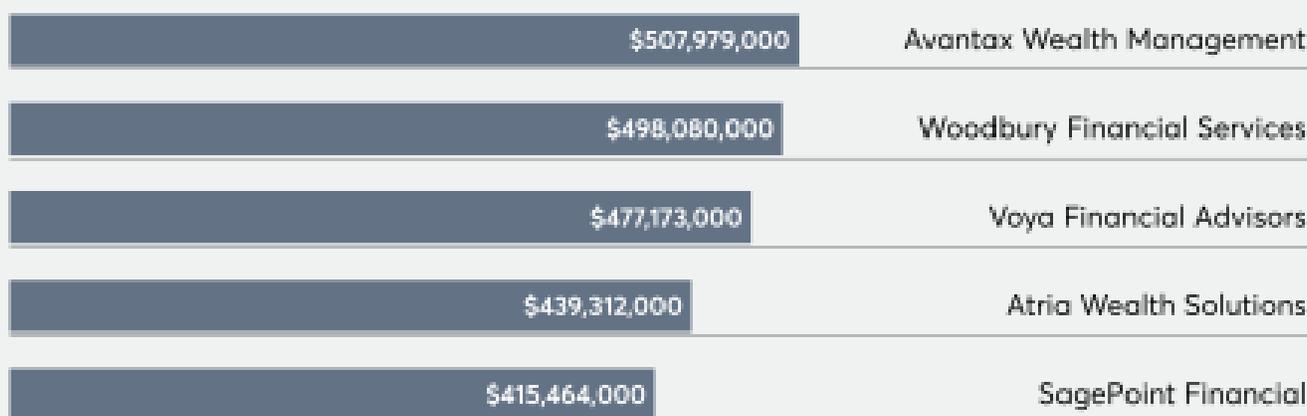
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Source: Financial Planning's IBD Elite survey

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