charles SCHWAB

Advisor Services

Rise above

Why advisors choose the RIA model and how it helps them soar

Own your tomorrow®

"I think what makes independence so great is the advisors that choose it. They are fiercely independent and nimble enough to do what is best for their clients and themselves."

—Tom Bradley
Senior Vice President,
Schwab Advisor Services

Seizing the possibility of now

Robert Gilliland left his former wirehouse early in 2020 to create his own independent Registered Investment Advisor (RIA) firm, Concenture Wealth Partners. He didn't realize how quickly that move would be put to the test. Within weeks, Texas shut down to slow the spread of COVID-19. It changed everything.

Amid so much uncertainty, Gilliland was able to take control. His team contacted clients immediately. With no corporate chain of command dictating their approach, Gilliland and his team could call the shots and their clients.

"We made a point to over-communicate to make sure clients knew where we were, what was going on, and where we were in their process in particular," Gilliland explains. "And I think it made our move stronger for our clients."

Not only did his team connect on a deeper level with clients amid the chaos and stress of the early days of the pandemic—they also made clients laugh. Gilliland and his team made a video newsletter with market insights, the latest news, and humor. It's something he would never have been able to do at his last firm.

Reaching new heights

Discover how the independent RIA model gives investment advisors the agility they need to adapt and thrive—even in times of turbulence.

> "The pandemic was a challenge. But talking to our independent advisor clients, we didn't hear doubt or fear. They used the freedom and flexibility of the RIA model to get creative and act quickly. What we heard is confidence now and for whatever comes next."
>
> **–Christopher Reedy**
> Managing Director, Business Development,
> Schwab Advisor Services

The strength of independence

The RIA model puts more power into the hands of investment advisors. In fact, greater autonomy and control are why 90% of advisors are drawn to independence.[1]

Lee Strongwater, a principal at Colorado Capital Management, knew his clients needed more than just financial advice when COVID-19 hit. He remembers assessing the situation and choosing a course of action.

“We made the decision to truly dedicate our firm to our clients. Especially now, in the pandemic, we’re here to do whatever they need,” Strongwater says. “We’re going to be advisors, therapists, marriage counselors, historians.”

The independent RIA model leads the advice industry in growth and is projected to continue to do so, appealing to advisors and investors alike.[2] RIAs found that nearly all their clients (97%) chose their firm because investment advisors take the time to understand each client’s unique financial picture.[3] The RIA model offers a vast array of solutions that fit clients’ needs—and advisors’ investment styles.

“The fiduciary standard is the foundation of independence. That’s why I see the independent RIA model, including its extensive ecosystem, as uniquely qualified to provide superior guidance through times like this, when compared to other models,” says Tim Oden, national managing director of business development at Schwab Advisor Services™. Since the beginning, Schwab has supported independent investment advisors and their drive to represent their clients’ best interests.

Taking control of your economics

Compared with other advice models, independence offers the most freedom and flexibility. RIA firms set their compensation structures and often choose not to include high-pressure sales goals.

Independent investment advisors can gain control over every dollar they earn. In the traditional captive model, advisors take home just 30% to 50% of their total revenue.[4] Potential for a higher payout is why 90% of advisors prefer the RIA model.[5]

This control allows independent investment advisors to determine how much of their revenue to reinvest in their firm. They can put money toward developing the client experience or the technology they want to offer. Whereas in the captive model, advisors may pay for tools they might not use.

With so many advisors working from home, the captive model still holds value, but it may be diminished. Real estate and office perks may now be cutting into budget for resources advisors would prefer access to. Looking to the future, 8 in 10 workers said they do not want to return to the office full-time.[6] Some independent RIAs are exploring ways to increase flexibility and work-life balance and decrease spending on office expenses.

Who you work with can be another opportunity to reduce costs. For example, Schwab offers industry-leading services with no minimum assets under management and no custody fees—because all firms deserve world-class support.

Unlocking the potential of equity

"Equity is a game changer," states Shirl Penney, founder of Dynasty Financial Partners, a third-party platform provider to RIA firms. Independent investment advisors can own all or most of the equity in their businesses. The ability to build financial value in their firms is why 90% of advisors seek independence.[7] "Equity opens up growth opportunities," says Penney, "not only organically through new clients but via a merger or acquisition as well."

Equity is also an incredible tool for succession and retirement planning. Penney explains:

"Some broker-dealers have sunset provisions that can make advisors feel like they're being pushed out the door." But he sees age as an advantage.

"Independent investment advisors can shape their legacy," says Penney. "They can become chairpeople or advisors to their firm. They can also decide to ease out of their practice by selling off ownership stake over time or maintaining ownership shares without actively managing the firm."

See the RIA difference

Compare the different advisor business models the industry has to offer. Review the chart below with your goals and advisor style in mind.

Model	Definition	Employment	Products and services	Advisor payout
Independent RIA	Independent RIA with no affiliation with a B/D	Independent business owner or employee	Fee-based, with an emphasis on financial planning and wealth management	100%
Hybrid RIA	Independent RIA with an affiliation with a B/D	Independent business owner or employee who is an independent contractor of a B/D	Often dually registered for access to commission products, including alternatives; most are fee-based	100%*
Wirehouse	National B/D with a large Wall Street investment banking and institutional presence	Employees of a B/D	Full range of investment services and products, banking products, and some fee-based pricing	30%–50%
Independent broker-dealer (IBD)	Independent business owned and operated by an advisor and affiliated with a B/D	Independent business owner who is an independent contractor of a B/D	Heavy emphasis on packaged products, mutual funds, and annuities	70%–100%
National or regional broker dealer (B/D)	Investment banks with retail financial advisors, targeting moderate wealth clients	Employees of a B/D	Full range of investment services and products	40%–60%
Insurance B/D	Full-service brokerages within an insurance company	Employees, agents, and independent contractors of a B/D	Heavy emphasis on insurance products	40%–60%
Retail bank B/D	Advisors operating in retail bank branches	Often employees of the bank or independent contractors affiliated with a third-party marketing firm	Heavy emphasis on packaged products, mutual funds, and annuities; access to banking products	30%–50%

*This percentage only represents the RIA portion of payout. Broker-dealer charges can apply in the hybrid RIA model.
Source: *The Cerulli Report, U.S. Intermediary Distribution 2019: Capitalizing on Specialization*, Exhibit 2.01, Cerulli Associates, September 4, 2019.

There for clients no matter what

When the market, society, and the world present challenges, independent investment advisors possess a unique advantage. They have the ability to respond rapidly—in ways other advisors may be restricted from.

Safely staying connected: Jason Snipe, principal of Odyssey Capital Advisors, says his team has gotten creative. Safely masked up, they meet clients for walks in parks, outdoor workouts, and golf lessons. They've even hosted virtual wine tastings.

"It's all about connection," Snipe explains. "And about letting clients know we're here for them. We're connecting more now than ever."

The crash: This isn't the first time that some independent investment advisors have harnessed the freedom of the RIA model to help clients through market turbulence. A month after Courage Miller Partners opened its doors, the crash of 2008 occurred.

"There was no planning for that," says Jeff Miller, the firm's co-founder. However, what looked like a catastrophe quickly became a competitive advantage. "Clients were grateful that we'd gone independent during such a difficult time and could do more to look out for their interests."

In the years since, CCO and co-founder Ralph Courage has heard clients reflect on that turbulent time.

"They tell me how comforted they were that we were there for them and able to truly do our best to have their back," Courage says. "Experiencing that crash so early shaped our beliefs and confidence helping our clients navigate the markets following COVID-19."

From the ashes: Independent investment advisors gain flexibility that can allow them to be more responsive and supportive through even extreme circumstances. Jim Aljian, founder of Aljian Capital Management, remembers when wildfires spread through northern California in 2017. He lost his home, but his office was spared. Although smoke damage kept him out of the office for over a month, it didn't stop him from serving his clients.

Aljian worked from a hotel, and his calls were forwarded there. He says he didn't miss a call.

One client who lost her home was an elderly widow and didn't want to rebuild. Aljian helped her review accounts and find a way to pay cash for a new home without worrying about a mortgage. He was there for his clients, helping to figure out complicated insurance filings. This is why Aljian went independent—to serve his clients' best interests with fewer restrictions.

The ability to adapt and respond quickly is a key advantage of the RIA model. It's becoming the new norm in meeting client expectations. High-net-worth (HNW) investors (74%) say it's critical that their advisor be responsive and attentive.[8]

Increasing trust and transparency

Independent investment advisors are free to choose the products they feel best suit their clients—without being restricted to certain brand offerings.

Delivering more personalized service is also an opportunity to increase client trust by offering greater visibility into the investment process. In fact, 87% of independent investment advisors said their clients chose their firm for the transparency in interactions.[9]

Perhaps one of the most vital points for trust and transparency is that the independent RIA model does not have a commission-based fee structure. This helps clients feel more secure that the advice they receive is conflict-free. Right now, more and more investors seem to be hungry for this kind of clarity and objectivity.

Nearly 70% of HNW investors found it critical that an advisor offer a transparent fee structure.[10]

Odyssey Capital Advisors openly shares on its website how advisors are compensated. "There's a lot of distrust in the industry," says Odyssey's Jason Snipe. "We believe in being up front and transparent. We talk to people in terms they understand to keep things as clear as possible. It's one of the ways we live our values."

> "In times of volatility, clients want someone who's there to answer the phone, review their plan, and say things are going to get better. Clients want that trusted relationship to be there more."
>
> **—Tim Oden**
> National Managing Director of Business Development, Schwab Advisor Services

ADVISOR STORY

A vision brought to life

Jason Snipe

“It’s a very exciting process. It’s like we got to build a car and put in all the pieces that we like.”

As the holiday rush kicked into high gear, Jason Snipe was checking his transition list twice. The new year for Snipe would mean a new firm—his own.

Four years ago, Snipe didn’t know what an RIA was. Then he learned about the enterprise value that independence offers. It was eye-opening to discover the breadth of product and technology choices beyond what his IBD offered. The idea of being in control and building a firm the way he envisioned set his imagination racing.

“It’s a very exciting process. It’s like we got to build a car and put in all the pieces that we like,” Snipe says. First, he interviewed every custodian. He’d always been full of curiousity, and the more he learned about independence, the more his vision took shape in his mind. He then dove into analyzing vendors and consultants, creating detailed spreadsheets.

“Quite honestly, there was some fear,” admits Snipe. “Fear of the unknown. Fear that my clients wouldn’t follow. But what really helped was information. Schwab introduced me to other firms that had experienced what I was going through and could offer guidance.”

Confident in his decision, Snipe shared with his clients why his team was choosing independence. He wasn’t leaving the IBD to work somewhere else; he was leaving to work for himself. He explained how his career was a series of steps leading exactly here—to truly serve clients his way. They were inspired and shared his enthusiasm. Ultimately, Snipe and his team brought 99% of their clients with them.

Now, as the principal of Odyssey Capital Advisors, Snipe has realized his vision. The boutique firm offers 360-degree service with an ensemble of specialized support. It’s the firm he was picturing throughout the transition process.

Looking back on the day he received the final legal approval for his new firm, he remembers the feeling of “pure jubilation and liberation.”

Facing the future head-on

Independent investment advisors have the flexibility to position themselves for what lies beyond the horizon.

When Rosalyn Baker moved to Wyoming, she was a single mother of five. She went from juggling two or three jobs to forging a successful career in the financial advice industry. Now that she's moved into the independent RIA model, her focus is on helping women. Baker can offer the type of advice she would have wanted early on. It's not just a personal mission; the demand is there. She has hosted several educational events for women that were so full she ran out of chairs. By carving out her own niche, Baker can now zero in on specific needs and spur growth.

It is typical for RIA firms to choose a main focus, Schwab's Tom Bradley explains. He sees how it builds bonds with clients and leads to new relationships. "There is a strong referral culture around the RIA model. Advisors following their passion tend to attract like-minded investors and those investors tell their friends," explains Bradley.

"Specialization can differentiate a firm," says Lenny Chang, co-founder, senior managing director, and head of M&A at Focus Financial Partners. "And it helps advisors capitalize on their strengths by focusing on clients or styles of investing that they excel with." Aligning a firm around its leaders' strengths can be rewarding—both to investment advisors and to their clients.

Margaret Huang Casey, partner and COO of Durbin Bennett Private Wealth Management, agrees. "Make sure you work with who you want to work with," she says. "Life's too short to spend time trying to fix incompatible client relationships." Casey recommends reviewing favorite clients and creating an ideal client profile based on their traits.

In the independent RIA model, investment advisors can choose how to build their firms. They can look at their cities, their clients, their own personal goals and then plan strategically. Independent investment advisors can also set up their firms for emerging trends and adapt early. That's the power of choice.

A new generation of investors

The great generational wealth transfer has begun. Cerulli projects that nearly $70 trillion in wealth will be transferred in the next 25 years.[11] Among private banks and trusts, 42% of clients are over 60, and only 16% of their clients are under 40.[12]

At Courage Miller Partners, relationships don't stop at one generation. Jeff Miller explains that the firm is there for the family at every life stage. When children finish college and start their careers, Courage Miller reviews their new 401(k)s with them. A small thing. But these types of support can help build trust so that, as family members' financial lives become more complex, they know that Courage Miller is there for them.

Robert Gilliland describes a similar approach. "We work down the family tree," he says, "and we work with younger people the way they prefer—via email, text, and videoconferencing. They want access to their investments online. They expect answers in a timely fashion. And that's the great thing about independence. We have the ability to do all that."

The strength of diverse teams

Part of a fulfilling and effective work environment is having a strong team around you. RIAs are bringing in talent from outside industries, creating internships, and forging inclusive cultures to meet changing client demands.

For example, Rosalyn Baker brought in an attorney partner to help women with estate planning. Jason Snipe's firm works with local colleges to connect with next-gen talent as interns.

"I don't want to hire myself," says Margaret Huang Casey. "I need new perspectives and skill sets to better reflect the needs of our clients."

A broader range of experience is crucial as client demographics and needs change. Following the recession in 2008, Black and Hispanic families experienced significant declines in wealth.[13] However, since 2013, these groups have shown faster growth in wealth compared with other racial groups.[14] Meanwhile, most firms lack diversity. Black and Hispanic advisors make up less than 3.5% of CFP® professionals.[15]

"It's increasingly important for firm leaders to develop diverse teams and an inclusive culture," says Leslie Tabor, managing director of business consulting and education at Schwab Advisor Services™. "We're seeing how talent strategies with diversity, equity, and inclusion built in can help firms thrive and remain competitive into the future." In fact, companies that have women in leadership positions are more profitable.[16]

33% more

Ethnically diverse companies were 33% more likely to outperform their industry counterparts.[17]

ESG investing

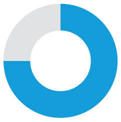
After seeing steady threefold growth since 2010, environmental, social, and governance (ESG) product integration exploded in 2019.[18, 19] Now, in the wake of the pandemic, investors are looking more closely at the social and governance factors of ESG.

"A lot of my client conversations have changed because of COVID-19 and the social justice movement," says Jason Snipe, who has seen more of his clients discussing how their values can be reflected in their investments.

"ESG is something I've wanted to pursue," he says. "Now, we're developing our flagship portfolio. The independent model gives us the freedom to operate in a more meaningful way."

Colorado Capital Management's Lee Strongwater says many of the women he serves want to invest in companies that have more women in leadership positions, whether in management or on boards.

"Our clients want investment options that make an impact," Strongwater explains. "In a wirehouse or brokerage, you're likely to be limited in what ESG funds you can use. But the world is your oyster when you move to an RIA. You consider private impact investing, like affordable housing microloans, and that can have greater impact."



75%

of asset managers started using ESG criteria in their investment analyses due to client demand.[20]

ADVISOR STORY

Seizing freedom and control

Rosalyn Baker

“I told him, ‘For business practices, I‘m leaving this firm, effective today.’ His jaw dropped.”

At 78 years old, Rosalyn Baker walked confidently into her firm manager’s office, resignation letter in hand. She describes it joyfully.

“I told him, ‘For business practices, I‘m leaving this firm, effective today.’ His jaw dropped.”

Baker had tried to explain she was unhappy, but the manager assumed she was just venting. He never expected her to leave. In disbelief, he asked if she’d be selling her book. That’s when Baker informed him that she would be opening her own RIA—on the next block over. The firm expected that, after 36 years at the brokerage, she would announce her retirement—not her pursuit of independence.

“He stared at me blankly and said, ‘I don’t know what to do.’ I said, ‘Well, you’re supposed to escort me out of the office,” Baker recalls with a laugh. “My two kids from out of state helped me pack everything in my office up. I told him, ‘You can see all the drawers are empty, and I’m giving you the keys.’”

Handing over those keys ended a chapter Baker had planned to close 20 years earlier. She and her husband had originally hoped to go independent together. When he developed major health issues, she instead focused on caring for him and her clients. After he passed, she returned to the dream.

“The firm realized that they could make a lot more money on my book of business. I felt more pressure and less support. It was basically change my career or get out of the business. That’s when I contacted Schwab,” she says. “I wanted independence. I wanted to do what I really believed was going to help build wealth for my clients.”

When Baker made the move, the majority of her clients stayed with her, and her children worked as support staff.

Today, she’s settled into life as president of RW Baker Wealth Management Group. “The move only made life easier. I’ve been very, very happy in the RIA model. My clients love it,” Baker says. “I have no complaints. In fact, I’m seeing referrals from people who have moved over in the last year. They’re bringing other people in, and I’m getting new clients from out of town.”

Independence is in reach

The RIA model has matured, and advisors have carved out well-established routes to independence. They are making the move for their clients and themselves—and they aren't doing it alone.

Months into the pandemic, Shirl Penney noticed something he didn't expect. His company, Dynasty Financial Partners, which helps advisors go independent, was receiving more calls than ever before. Advisors were reconsidering what was important to them and seeking a model that would be more flexible for the future.

What many of those captive advisors didn't know at the time was whether going independent was still a possibility—and if it was, how to achieve it.

"There are a plethora of services and technologies available for advisors of all sizes, many more than 20 or even 10 years ago," explains Tom Bradley, senior vice president of Schwab Advisor Services™.

Custodians like Schwab and platform providers have mapped out the steps of a successful transition. They've adapted to the challenges of the COVID-19 pandemic. Schwab's experience and guidance are still available, just safely delivered from home offices.

Five ways to go independent

Shirl Penney points out that he's seen a growing trend of breakaway advisors wanting to join an existing RIA. Not everyone who goes independent opens their own firm. In fact, there are multiple ways to achieve the freedom and flexibility of the RIA model.

1. **Pure independence –** Investment advisors gain full control to build a firm the way they want. They can choose which vendors to use and how to shape their brand identity. Overhead and expenses are also their responsibility.

2. **Independence with support –** In this option, investment advisors call the shots and retain 100% of the business equity as the firm grows. They do, however, pay a fee for à la carte services from a platform provider, such as technology, financing, and reporting.

3. **Affiliation with a financial partner –** To get funding up front, investment advisors can sell a portion of their revenue stream to a holding company that handles most of the setup during transition. In addition to startup cash, there is the potential for additional payouts as the business grows.

4. **Part of an established group –** To transition with relative ease, some investment advisors open a branch of an established firm. Operating under that firm's supervision, they gain infrastructure support while maintaining flexibility in products and communications.

5. **Joining an existing firm –** Investment advisors can also become part of an existing RIA firm as an employee or contractor. In some cases, they can operate independently within the firm and split expenses. Terms can be negotiated to benefit both parties.

Choose a custodian that maximizes your independence

The custodian you choose can be an ally and an asset. It's important to compare the experience, expertise, and services they offer, along with the strength and scale of their business.

Custodians can help with the transition, technology, and day-to-day practice management support. Services you should expect from your custodian include:

Security and peace of mind – HNW investors (69%) find it critical that their advisor choose a reputable custodian.[21] A custodian should constantly keep up with emerging cyber threats and provide updates and tips to reinforce a firm's defenses. For instance, Schwab maintains strict cyber-defense protocols and regularly communicates insights and best practices to RIAs. Advanced technology, high privacy standards, and a strong culture of risk management combine to protect assets and data. Schwab's sites feature encryption and risk-based security technology, automated alerts, an identity verification process, and rigorous monitoring to help defend against unauthorized access.

Tenured transition specialists – A custodian can help advisors plan, prepare, manage, and successfully complete the RIA transition. Schwab's transition team is there for advisors through each step to help navigate the move.

Best-in-class technology – Fintech is rapidly evolving. One of the key advantages of the RIA model is the ability to quickly adopt new technologies. Schwab helps investment advisors keep pace by continually investing in the development and sourcing of new tech solutions. Experienced and knowledgeable technology consultants at Schwab help advisors curate tech to best meet their needs. Schwab's platform enables investment advisors to efficiently manage client assets and rebalance portfolios.

> "Thoughtful selection and implementation of the right technology means a firm can spend less time on menial tasks and more time focused on clients and growing the business."
>
> **—Janelle Ward**
> Managing Director, Technology Consulting, Schwab Advisor Services

On another level

For more than 30 years, Schwab has supported advisors on their journey to independence. More than 7,500 RIAs of all sizes look to Schwab Advisor Services™ for specialized support, transition guidance, technology expertise, research, and insights that help bring their RIA visions to life.

Get support to accelerate your vision

In addition to custodial support, there is an abundance of third-party providers, consultants, and specialists to make running an RIA firm easier.

Lee Strongwater, of Colorado Capital Management, outsources tasks that he finds daunting or doesn't personally want to handle. The vendors he's chosen give him confidence in his compliance support and marketing functions, allowing him to focus on his clients.

Turnkey solutions from platform providers, such as Shirl Penney's Dynasty Financial Partners, can help streamline the transition. "Our company manages transition details large and small, including finding real estate, negotiating the lease, designing the logo, and setting up the website," explains Penney.

Advisors also have an array of solutions to choose from for back- and middle-office functions. There are many strategic investors like Focus Financial Partners that offer in-depth support. Lenny Chang sees Focus as a collaborative partner for RIAs. "We can help with everything around the business operations: business development, hiring, recruiting, career pathing, governance, and compliance," Chang explains.

With independence, there are a multitude of providers with options to fit most RIAs' needs. "Advisors we've helped transition wonder why they didn't make the move sooner," says Chang.

Access to capital

Financial support can help advisors break free without giving up control. Focus Financial Partners operates a permanent capital model.

Financing can assist with startup costs and repaying retention payments from previous employers. Investors can monetize a portion of a firm's cash flow. They may also help with guidance and capital for mergers and acquisitions, as well as for advancing a succession plan.

Numerous lending options provide upfront capital to help cover costs, including leasing office space, purchasing IT systems, and even paying salaries. James Hughes, head of investment advisory lending at Live Oak Bank, explains, "Having the certainty that your forgivable notes will be paid off and having the first few months of expenses taken care of is crucial. This allows advisors to focus on what really matters—their clients."

Charles Schwab & Co. can provide qualified investment advisors with business loans to help them start and expand a successful independent practice.

> "There's almost this kid-in-the-candy-store type of feeling when advisors finally get to set up and run their business on behalf of their clients."
>
> **—Lenny Chang**
> Co-founder,
> Focus Financial Partners

ADVISOR STORY

Built for clients—and community

Ralph Courage

Jeff Miller

"This business is one that I think we're going to enjoy for decades to come."

Ralph Courage already operated his investment group like an RIA. He used a fee-based structure and upheld the fiduciary standard. However, operating within a larger broker-dealer, he couldn't shake the feeling that he could be doing even more.

"I felt we'd outgrown the services with the investment brokerage," he says.

With his legacy in mind, Courage started planning his transition with Jeff Miller. They shared a vision for client service—one that wasn't possible in a wirehouse.

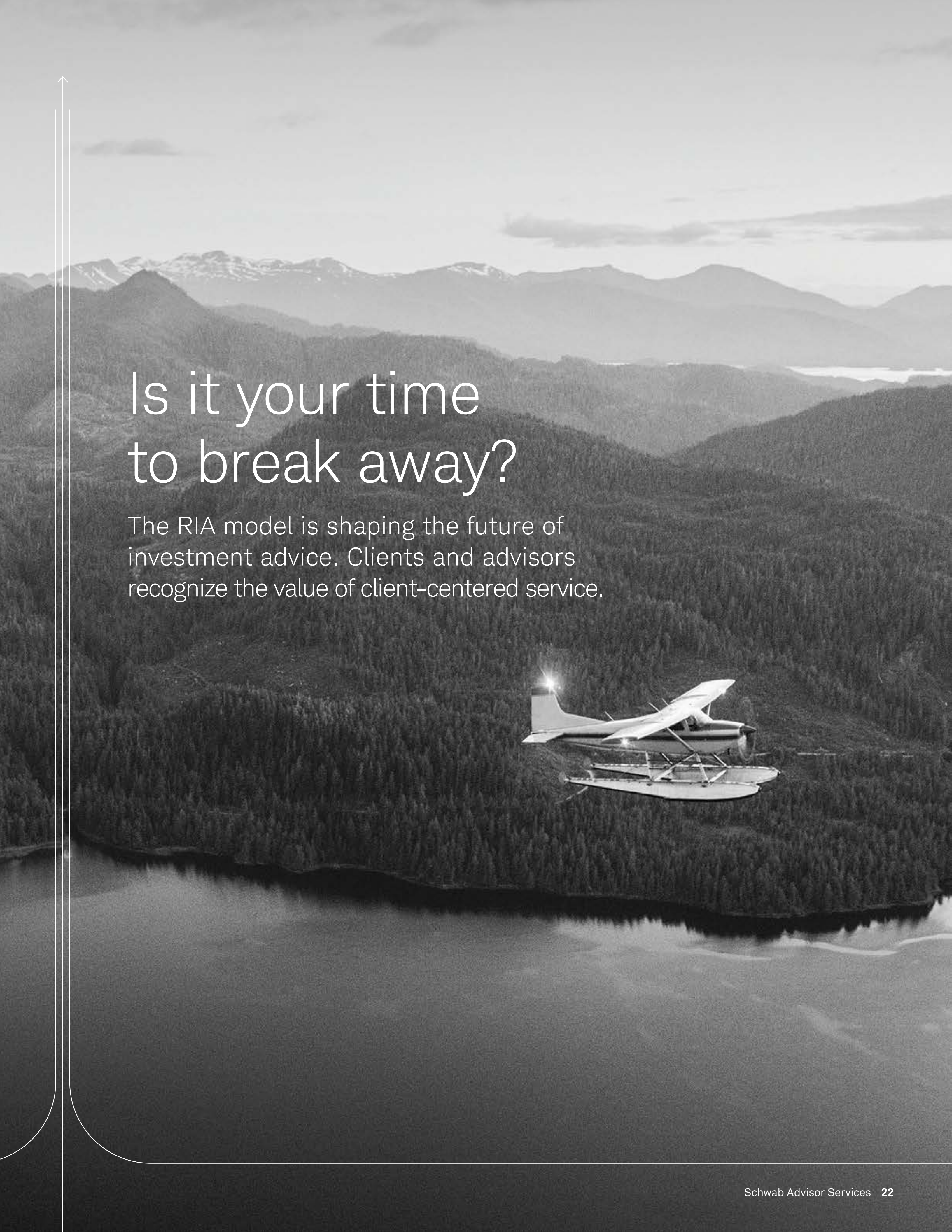
Their adventure has led them to new ground helping clients and the community. Miller says that clients were overwhelmed when it came to assessing their financial pictures. To help, Courage Miller Partners created its Focus program and used data aggregation tools to pull 401(k)s, IRAs, and savings accounts together for a complete and clear view of clients' finances.

"Jeff and I had a grand adventure looking at the different possibilities out there. Everywhere we looked we found ways to enhance our business in the RIA model."

—Ralph Courage
Co-founder and CCO,
Courage Miller Partners

"That's the fulfilling part of the job for me—helping reduce stress in making decisions today that can create better outcomes in the future," Miller says. The firm also developed new ways to connect, beyond the financial world.

"When you own a business, you have stronger ties to the community," Courage says. At Old Dominion University, the firm funded the creation of Courage Miller Partners Challenge Course, a low ropes course that 77 groups and more than 2,200 young people have taken on so far. With the ability to better serve clients and give back, the team is more excited about work than ever before.



Is it your time to break away?

The RIA model is shaping the future of investment advice. Clients and advisors recognize the value of client-centered service.

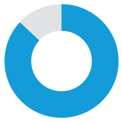
One of the top questions advisors ask when considering independence is: Will my clients come with me?

Lenny Chang believes clients care more about who their advisor is than which firm they work for. “Clients commit to an advisor because of a trusted relationship,” Chang explains. “Even when you add more services, clients appreciate an advisor’s in-depth understanding of their family and other broader aspects of their lives—not just their financial lives.”

Their established, trusted relationship may be why 87% of clients go with their advisor to independence.[22] RIAs have found that 97% of clients are looking for an advisor who takes the time to understand their needs, goals, and risk tolerance.[23]

Advisors’ reasons for pursuing independence resonate with clients. In fact, 94% of investment advisors in a recent survey chose independence for the freedom to do what’s best for clients.[24] The independent RIA model was built on the fiduciary standard. Making the move can allow advisors to have a more client-centric focus by removing conflicts and obligations to meet sales goals. Clients find this standard crucial: 78% of HNW investors expect their advisor to always act in their best interest.[25]

> “RIAs still have the wind in their sails. The model has been reassuring. It’s shown the strength it can offer the investing public, even in turbulence.”
>
> **—Tim Oden**
> National Managing Director of Business Development, Schwab Advisor Services



87%

of clients go with their advisor to independence.

Telling clients your story

Before going independent to form Concenture Wealth Partners, Robert Gilliland and his team practiced telling their independence story to each other, role-playing as clients. They imagined reasons clients would or would not go with them. Then the team broke the story down into three parts—technology, security, and access to information.

Greater access to technology options was a clear win. According to Gilliland, Schwab’s reputation gave clients confidence in the security of their assets. Gilliland made it clear that the firm would have access to more research and a broader range of investment products. What came through to his clients was that the choice to go independent wasn’t just for his team—it benefited clients too.

Create a guide to decide

Going independent is more than a work decision. It's a life decision. Answering important questions like these can help you confirm whether the move to independence makes sense for you.

- What matters most to me at work?
- How does work impact the whole of my life and my family?
- What are the challenges in my current work environment? What are the opportunities?
- Can I create the fulfilling environment I envision by staying where I am now?
- What would be different if I built my own firm?
- Is this the career I want to retire from?
- Is this what's best for my clients?
- What do I like doing at work?
- What would I do with more control?
- If I had a more flexible schedule, what would that look like?

> "There's something special about making this decision, owning your practice, and having a voice in its destiny."
>
> **—Ralph Courage**
> Co-founder and CCO,
> Courage Miller Partners

ADVISOR STORY:

Choosing happiness

Robert Gilliland

> "Life is too short to hate every Monday."

When advisors decide to go independent, they feel the difference. Most investment advisors (93%) are happier in the RIA model,[26] and nearly all (96%) say they would make the decision to go independent again.[27] Even during times of turbulence, advisors echo this sentiment.

Making the transition during the chaotic early days of the COVID-19 pandemic was stressful, admits Robert Gilliland. But the benefits of independence helped him take on each challenge. He never lost sight of why he was making the move—what he wanted to leave behind and what he was seeking.

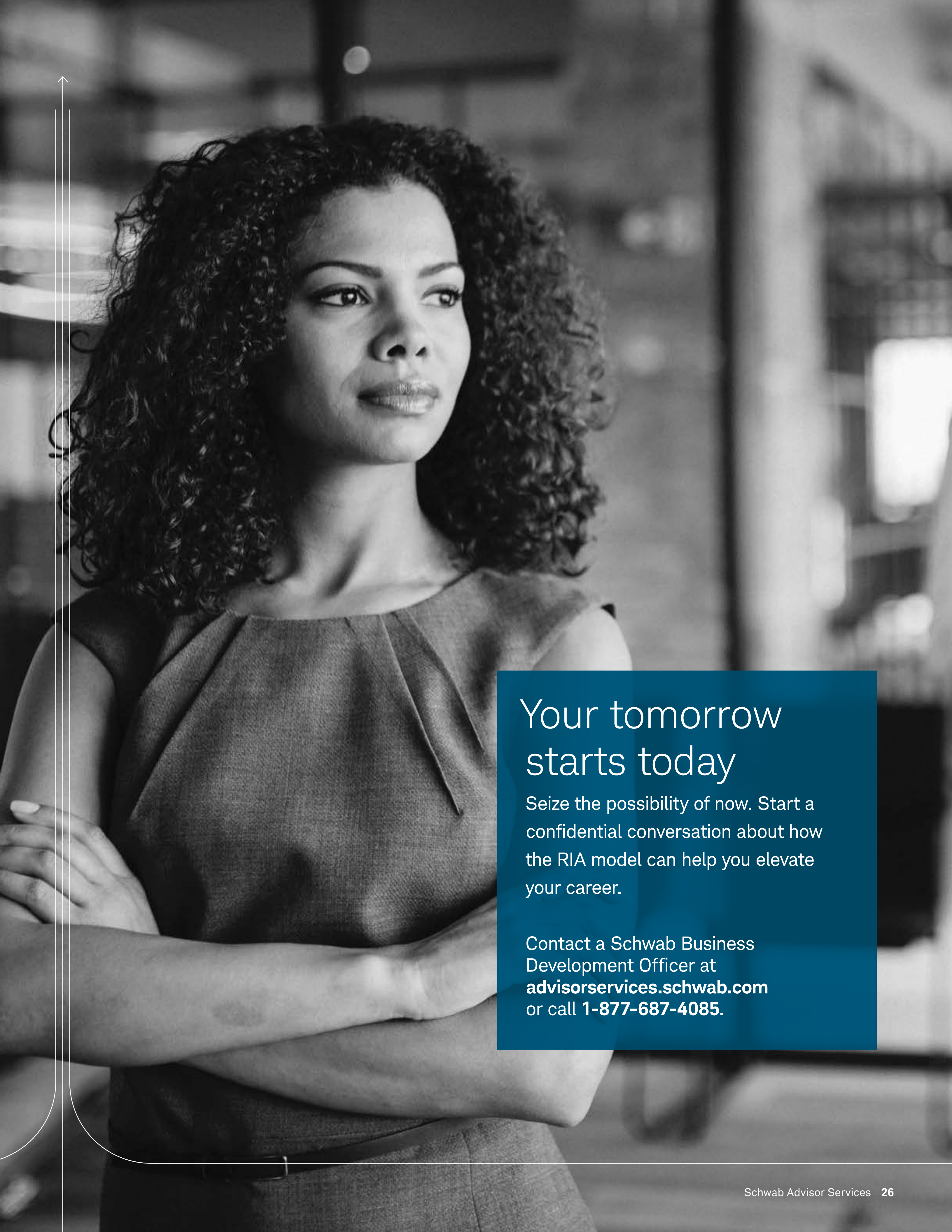
On Sunday evenings, back when he was still at the wirehouse, he dreaded work on Monday. The corporate emails, the bureaucracy, and product limitations—they all weighed on him.

Gilliland's steady career growth led him to a point where he started to feel the limitations of his business model. He wanted something more.

"Life is too short to hate every Monday," he says.

As the founder and CEO of Concenture Wealth Partners, that Sunday dread is now a thing of the past. He wakes energized and eager to take on another Monday.

Gilliland's family sees the difference as well. His wife had expected late nights and high stress. Instead, he often comes home early. Even his seventh-grade daughter has noticed. Gilliland explains that she told him one night: "Dad, I can't believe how happy you are."



Your tomorrow starts today

Seize the possibility of now. Start a confidential conversation about how the RIA model can help you elevate your career.

Contact a Schwab Business Development Officer at **advisorservices.schwab.com** or call **1-877-687-4085**.

1. *The Cerulli Report, U.S. RIA Marketplace 2019: Consolidators Gain Momentum*, Exhibit 4.08, Cerulli Associates, November 13, 2019.
2. *The Cerulli Report, U.S. Advisor Metrics 2019: The Digitally-Empowered Advisor*, Exhibits 2.08 and 2.14, Cerulli Associates, December 18, 2019.
3. *The Cerulli Report, U.S. RIA Marketplace 2019: Consolidators Gain Momentum*, Exhibit 5.11, Cerulli Associates, November 13, 2019.
4. *The Cerulli Report, U.S. Intermediary Distribution 2019: Capitalizing on Specialization*, Exhibit 2.01, Cerulli Associates, September 4, 2019.
5. See note 1 above.
6. Becky Frankiewicz and Tomas Chamorro-Premuzic. "The Post-Pandemic Rules of Talent Management," *Harvard Business Review*, October 13, 2020.
7. See note 1 above.
8. High-Net-Worth Advisor Choice Research, June 2019. Schwab partnered with a third-party market research firm, Escalent, to conduct an online survey among 202 high-net-worth investors during May and June of 2019.
9. See note 3 above.
10. See note 8 above.
11. *The Cerulli Report, U.S. High-Net-Worth and Ultra-High-Net-Worth Markets 2019: Multigenerational Shifts in Wealth*, Exhibit 2.11, Cerulli Associates, November 25, 2019.
12. *The Cerulli Report, U.S. RIA Marketplace 2019: Consolidators Gain Momentum*, Exhibit 5.05, Cerulli Associates, November 13, 2019.
13. Neil Bhutta et al., "Disparities in Wealth by Race and Ethnicity in the 2019 Survey of Consumer Finances," FEDS Notes, Board of Governors of the Federal Reserve System, September 28, 2020.
14. See note 13 above.
15. *Racial Diversity in Financial Planning: Where We Are and Where We Must Go*, CFP Board Center for Financial Planning, 2018.
16. Marcus Noland and Tyler Moran, "Study: Firms With More Women in the C-Suite Are More Profitable," *Harvard Business Review*, February 8, 2016.
17. Vivian Hunt et al., *Delivering Through Diversity*, McKinsey & Company, January 18, 2018.
18. *The Cerulli Report, U.S. Environmental, Social, and Governance Investing 2019: Meeting Evolving Investor Expectations*, Exhibit 4.01, Cerulli Associates, September 4, 2019.
19. John Hale, "The Number of Funds Considering ESG Explodes in 2019," *Morningstar*, March 30, 2020.
20. *The Cerulli Report, U.S. Environmental, Social, and Governance Investing 2019: Meeting Evolving Investor Expectations*, Exhibit 1.03, Cerulli Associates, September 4, 2019.
21. See note 8 above.
22. Independent Advisor Sophomore Study from Schwab Advisor Services, Logica Research (formerly Koski Research), March 2018.
23. See note 3 above.
24. See note 1 above.
25. See note 8 above.
26. See note 22 above.
27. See note 22 above.
28. Charles Schwab Strategy.

About Schwab Advisor Services™

As an industry leader, Schwab Advisor Services provides custodial, operational, practice management, and trading support to independent RIA firms of all sizes.[28] Schwab's proven processes and insights for starting, building, and growing RIA businesses continues to help fuel success. Schwab Advisor Services believes in the drive and commitment of independent investment advisors and is dedicated to pushing the industry forward on their behalf.

AHA (0121-0JRN) MKT114229-00 (02/21)

00258560

charles SCHWAB

Own your tomorrow.