

RIA Edge

THE 2023 RIA EDGE STUDY

Staffing at Wealth Management
Firms: The 2023 Outlook



Produced by:

Wealth Management 

Strategic Partner:

thrivent[®]
Advisor Network

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ABOUT WMIQ

Wealth Management IQ is a dedicated division of Informa Connect that provides research, content creation and marketing services to the wealth and asset management communities.

WMIQ has a truly unique combination of:

- Deep research and analytical capabilities
- Extensive knowledge of the financial advice industry
- Content strategy and direct distribution to over 400K wealth management professionals

Our mission is to educate and inform financial advisors with our research content – and provide the companies that support and empower them with unparalleled access, intelligence and understanding of the wealth management market.

Through the audiences of **WealthManagement.com**, Trust & Estates and WMRE, WMIQ has the ability to tap into some of the most influential communities of financial advisors to conduct targeted surveys, focus groups and one-to-one interviews to inform our research projects. Our audiences of RIAs, IBDs and wirehouse advisors—and their affinity for our brands—positions WMIQ to access more engaged advisors than any other industry research provider. This reach across the entire wealth management ecosystem is a unique differentiator of WMIQ—and allows us to discover the true drivers of change, behaviors and influence throughout the industry.



ABOUT THRIVENT ADVISOR NETWORK

Thrivent Advisor Network is a registered investment adviser (RIA) and a wholly owned subsidiary of Thrivent – a diversified financial services organization with more than 100 years of service.

Launched in 2019, Thrivent Advisor Network consists of 20+ affiliate advisor businesses managing over **\$6 billion** in assets. Our community of independent-minded advisors are passionate about helping clients achieve financial clarity and value collaboration with other advisors who share a commitment to a greater purpose.

Thrivent Advisor Network provides a suite of comprehensive solutions designed to help advisors run profitable businesses that can improve people's lives and have a positive impact on society.

For more information, visit thriventadvisornetwork.com or find us on LinkedIn.

Investment advisory services offered through Thrivent Advisor Network, LLC., (herein referred to as "Thrivent"), a registered investment adviser. Clients will separately engage an unaffiliated broker-dealer or custodian to safeguard their investment advisory assets. Review the Thrivent Advisor Network Client Relationship Summary, Financial Planning and Consulting Services, Investment Management Services (Non-Wrap) and Wrap-Fee Program brochures for a full description of services, fees and expenses, available at Thriventadvisornetwork.com.



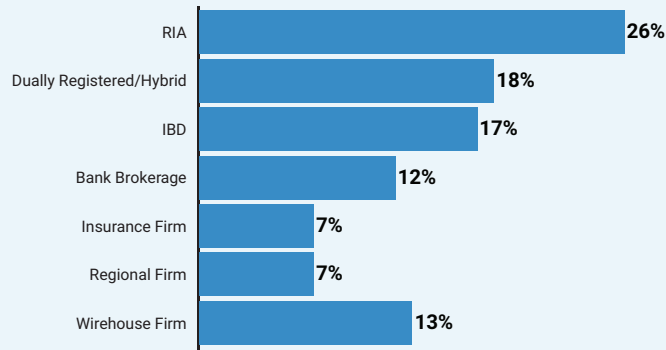
INTRODUCTION

Matching business needs with the human resources necessary to deliver wealth management and financial planning services to clients is a critical function of advisory firm managers. To learn more about how firms generally, and in the registered investment advisory space specifically, are managing their critical staffing needs, Wealth Management IQ and Informa Connect recently conducted a survey on behalf of Thrivent Advisor Network. This white paper will examine the key findings of that survey, exploring how firms handled staffing in 2022, what they see coming in 2023, efforts in the areas of diversity and inclusion, and a look at the challenges firms face in meeting their human resources needs.

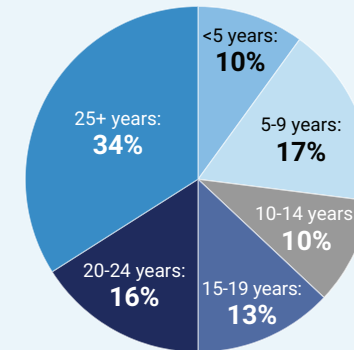


SURVEY PARTICIPANTS AT A GLANCE

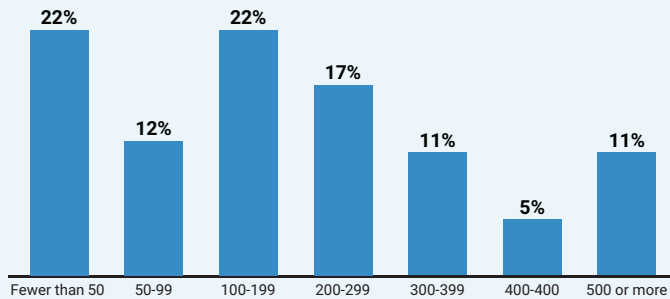
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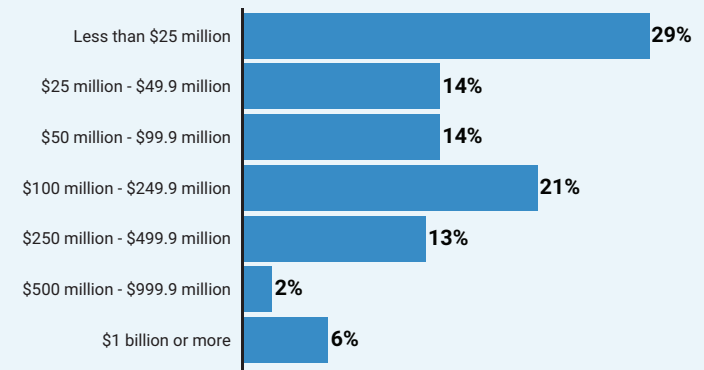
TENURE AS A FINANCIAL SERVICES PROFESSIONAL



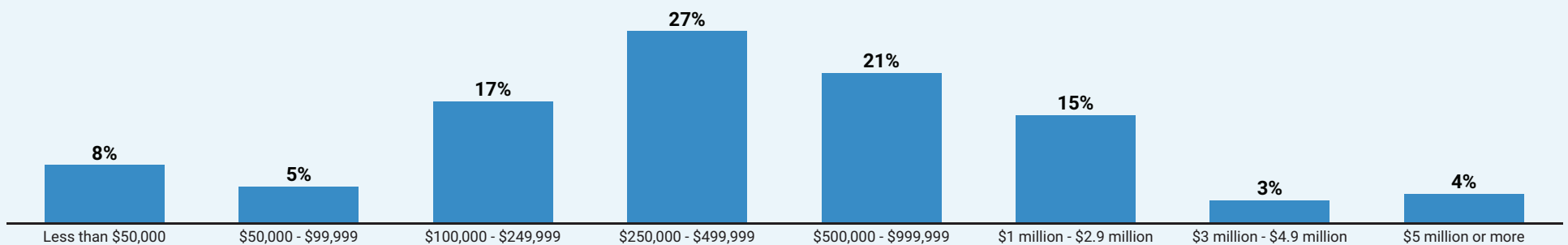
NUMBER OF CLIENTS



APPROXIMATE ASSETS UNDER MANAGEMENT



AVERAGE CLIENT ACCOUNT SIZE



The background of the page features a dark blue, semi-transparent overlay of financial data. It includes a candlestick chart with vertical bars representing price movements, a solid line graph showing trends, and a dashed line graph. A numerical value '+11,00.00' is visible in the upper left quadrant of the chart area. The overall aesthetic is professional and data-driven.

INSIGHTS FROM 2022

How advisory firms and practices approach their staffing needs in many reflects their structure and ownership. Results of our survey, which reached out to advisors at all types of firms, reflect those structural differences. Forty-four percent of respondents, for example, were from registered investment advisory and dually registered hybrid firms, which constitute the RIA segment of the business; 13% of respondents were at wirehouses. The remaining 43% of respondents are advisors at bank brokerages, insurance firms and regional firms – organizations labeled “other firms” – who typically are employees of larger organizations, except for the non-hybrid registered representatives affiliated with independent broker-dealers, whose responses are included in the “other firm” group.

When asked about their firm’s full-time roles, 72% of respondents in the RIA/dually registered group and 70% in the “other firms” group said that investment management is a dedicated role at their firm. From there, the number of those in the broad RIA segment who identified specific job functions dropped significantly. Those noting full-time roles in marketing, business development, professional management and technology were 38%, 35%, 34% and 30%, respectively. At other firm types, reflective of the larger organizations in which many respondents work, 53% said their firm had a full-time role in business development, 48% in technology, 47% in marketing and 47% in professional management.

To supplement what they do in-house, many firms turn to outside experts. Among RIA/dually registered firms, 83% turn to third parties for technology assistance, compared with 71% of other firms. Investment management is outsourced by 40% of RIAs/duals and 24% of others, while 31% of RIAs/duals turn use third parties for marketing while 45% of the others go outside.

In 2022, almost half of firms – 48% of RIAs/duals and 47% of others – added new full-time positions, with more firms adding jobs in support roles than in other categories. Among RIAs/duals, 56% added a full-time position in operations/administration and 47% added a junior advisor/paraplanner role. At other firms, 41% added a role an operations/administration while 39% added a position as a junior advisor/paraplanner. New roles added in other areas included marketing professional (33% at RIAs/duals, 27% at other firms), lead advisor (24% and 30%, respectively), business development specialist (18%, 27%), portfolio manager (13%, 25%), research analyst (13%, 25%), technology professional (11%, 16%) and professional manager (4% and 11%).





A LOOK AT 2023

What's on the staffing agenda for the coming year? Just under half (45%) of RIAs/duals 51% of other firms surveyed plan to add full-time positions. All respondents are most likely to hire junior advisors or paraplanners (55% and 54%, respectively by firm type) and roles in operations/administration (43%, 42%) and lead advisor roles (45% and 27%, respectively). On balance, slightly more of the other firms than RIAs/duals will be looking to fill full-time positions as a research analyst, portfolio manager and technology professional. Ten percent of RIAs/duals said they would be seeking professional managers, while 6% of other firms would be looking to fill such positions.

When asked if they planned to make a concerted effort to hire advisors from demographic groups historically underrepresented in the wealth management industry such as ethnic minorities and members of the LGBTQ+ community, for example, RIAs/duals are significantly less likely than other firms to do so.

Perhaps because they often are part of very large corporations with active DEI (diversity, equity and inclusion) programs, 32% of respondents at bank brokerages, insurance firms and regional firms said they definitely were likely to make a concerted effort at diversity in hiring in 2023, compared with 22% at RIAs/duals. Similarly, 19% of the other firm respondents said their firm probably would be making such an effort and 28% said the effort was a possibility, compared with 9% and 18%, respectively, of respondents at RIAs/duals. Just 10% of the "others" said their firm would be making no effort in the area, compared with 38% of RIAs/duals.

The most challenging consideration that firms of all types face in finding and hiring advisors and non-advisory personnel alike is finding an adequate pool of desirable candidates from which to draw, followed closely by finding candidates with the right skill set. Roughly half of respondents in each firm category said that finding enough of the right people was either extremely or very challenging. About 40% in each category said finding candidates who would fit their firm's culture was either extremely or very challenging.

Employee referrals emerged as the most successful means of sourcing top talent, cited by 38% of RIAs/duals and 52% of respondents at other firms. Industry association, cited by 19% of RIAs/duals and 14% of others, were another source of talent, matched by online job boards (noted by 14% and 20%, respectively). Respondents noted somewhat less success from the use of recruiters and other sources.

To onboard and continuously develop talent, respondent firms are most likely

to employ mentoring programs — noted by 63% of RIAs/duals and 58% of other firms — followed by teaming (43% and 51%, respectively). Job-shadowing, used by 36% of RIAs/duals and 24% of others; educational reimbursement (used by 30% and 28%, respectively); and external training (22% and 24%) were other methods used to onboard and develop talent.

The most successful strategies at firms of all types were those involving culture, work/life balance and compensation. Lagging were competitive benefits and talent development programs.

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METHODOLOGY

Beginning on October 26, 2022, WealthManagement.com – on behalf of Thrivent Advisor Network – reached out to active users via email, inviting them to participate in an online survey. To encourage prompt response and increase the response rate overall, email invitations and survey materials were branded with the WealthManagement.com name and logo to capitalize on user affinity for this valued brand. Each respondent was afforded the opportunity to enter a drawing for a YETI 75 Tundra Cooler, valued at \$450. By November 11, 2022, WealthManagement.com had received 217 completed responses.

