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Independent RIAs Envision a Clear Path to an Even Brighter 2020, TD Ameritrade Institutional Survey Finds

RIAs Keep a Close Watch on the Economy and Markets, Remain Focused on Technology and Marketing to Sustain Growth In 2020

JERSEY CITY, N.J., Jan. 7, 2020 – Get ready for another great year, bullish registered investment advisors (RIAs) tell [TD Ameritrade Institutional](#)¹ in a new survey about their 2020 expectations for the economy, the markets and their firms.

More than two-thirds of independent RIAs participating in the TD Ameritrade Institutional 2020 RIA Sentiment Survey are optimistic about the U.S. economy, and more than half expect stock prices to continue to increase. Fifty-eight percent are upbeat about the global economy, a 20 percent increase from last year.

Even as RIAs see a relatively smooth road ahead in 2020, they are watching headlines on the U.S. economy, corporate earnings and trade for their impact on client portfolios. They expect the Information Technology, Health Care and Financial Sectors to outperform this year.

“Though headlines during 2019 may have whipsawed markets, independent RIAs maintained their steady focus on doing the right things for their clients and investing in their firms,” said Tom Nally, president of TD Ameritrade Institutional, a provider of brokerage and custody services to more than 7,000 RIAs. “Year after year, more investors turn to RIAs for financial planning guidance.”

Most RIAs envision themselves on a continued growth trajectory this year, even as they juggle compliance and regulatory issues as their top management challenge. Three out of four RIAs expect they'll grow in 2020, and more than 40 percent are planning on faster growth than in 2019.

RIAs Say Investing Palates Have Broadened

RIAs say that their clients have an increased appetite for stakeholder-driven and “grass”-roots investing: 56 percent are interested in ESG (environmental, social and governance) investments, while half have expressed want to know more about cannabis-related stocks.

More advisors are turning to third parties to help manage investments. Nearly 30 percent tap into third parties to manage client portfolios, almost three times the amount that did so in 2018. Model portfolios, such as those available through TD Ameritrade Institutional's Model Market Center, are RIAs' third-party manager of choice.

And despite all the fanfare, the industry's move to \$0 trade commissions on ETFs² isn't the only factor when it comes to advisors choosing investments for client portfolios. Sixty-five percent of advisors said that \$0 commissions trade offers do not currently influence their decisions to use exchange-traded funds (ETFs) over mutual funds. That said, 46 percent say they will allocate more to ETFs in the future.

2019 was a Very Good Year

Against a backdrop of ongoing macro-environment uncertainties, 2019 delivered growth on all fronts for RIAs. Three-fourths of advisors said revenues jumped, with 14 percent increase on average. Eighty-two percent reported growth in assets under management, with 16 percent growth on average.

Seventy-one percent of advisors surveyed brought in new clients in 2019. National brokerage firms, whether wirehouses or independent broker dealers, continued to be the main source of new clients.

When investing in their own firms, independent advisors increased their spending the most on technology, followed by legal and compliance.

RIAs Set Sights on More Marketing in 2020

Advisors plan to increase their marketing spend in 2020, and up their technology investments, acknowledging that a healthy blend of both can benefit their bottom lines. Top initiatives to drive growth include increasing client referrals and using social media more. The largest technology investments planned by RIAs in 2020 will be on performance reporting and CRM tools.

Today's advisors are committed to staying engaged with their clients – in fact, they are spending more time with clients than they did five years ago. But the focus is not solely on their investment portfolios. The average RIA spends nearly half their time with clients on topics outside of investment management.

How are they doing this? Newer technology tools are enabling firms to stay in closer touch with more clients than ever before. Thirty-six percent use video conferencing, while an additional 31 percent are considering doing so in 2020. And though only 14 percent of advisors use secure texting now, these capabilities are on the radar for an additional 41 percent in 2020.

RIAs are also exploring new ways to communicate with clients and strengthen relationships, such as producing flash briefings on smart devices and personalized client videos.

RIAs See Increased M&A – Among Other Firms

Though most advisors surveyed believe the pace of M&A will accelerate for the industry in 2020, the majority say they are taking a wait-and-see approach when it comes to their own firms. Most said they are not quite ready to participate in the consolidation trend.

Nine out of 10 advisors say they have no plans to sell their firm in the next two years, though there are plenty of offers out there for those who are interested. RIAs surveyed were ambivalent on using M&A as a growth strategy, and roughly a third would not consider a merger or acquisition at all in order to boost firm growth.

“Innovation and automation have made the RIA path more beneficial for more advisors, making this a great time to be an RIA,” said Nally. “Advisors have more tools and capabilities at their disposal than ever before. It’s no wonder so many firms are achieving remarkable growth while providing an exceptional experience to investors.”

[Click here](#) to download highlights of the TD Ameritrade Institutional 2020 RIA Sentiment Survey.

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¹ TD Ameritrade Institutional is a division of TD Ameritrade, Inc., a brokerage subsidiary of TD Ameritrade Holding Corporation.

² At TD Ameritrade, \$0 commission applies to online U.S. exchange-listed stocks, ETFs, and option trades. \$0.65 per options contract fee applies to options trades, with no exercise or assignment fees. A \$6.95 commission applies to online trades of over-the-counter (OTC) stocks, which include stocks not listed on a U.S. exchange.

About the Survey

Results for the TD Ameritrade Institutional 2020 RIA Sentiment Survey are based on an email survey, conducted by MaritzCX on behalf of TD Ameritrade Institutional, a division of TD Ameritrade, Inc., between Nov. 22 and Dec. 1, 2019. 301 independent registered investment advisors participated in this study. Participants, both clients of TD Ameritrade Institutional and non-clients, were asked to share their views on economy, the outlook for their firms and the RIA market overall. The margin of error for the survey is $\pm 5.6\%$. MaritzCX and TD Ameritrade are separate and not affiliated and not responsible for each other's services or policies.

About TD Ameritrade Institutional

[TD Ameritrade Institutional](#) empowers more than 7,000 independent registered investment advisors to transform the lives of their clients. It provides powerful technology and resources that help simplify running a business and let advisors spend more time doing what matters most — serving their clients. Through meaningful innovation, steadfast advocacy and unwavering service, TD Ameritrade Institutional supports RIAs as they build businesses that positively impact their clients and communities. TD Ameritrade Institutional is a division of TD Ameritrade, Inc., member FINRA/SIPC, a brokerage subsidiary of TD Ameritrade Holding Corp.

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