

Research Findings Report

Industry: Wealth Management

2009

Geographic Region: Northern California

Goldline Research recently completed its annual evaluation of independent wealth management professionals in Northern California. Our research study was conducted from mid-April 2009 through mid-July 2009.

Northern California is one of the wealthiest regions that we evaluate, trailing only Southern California in the number of households that earn \$100K or more annually. Not surprisingly, the median assets per client is among the highest of any region that we evaluate. This level of affluence has attracted a large number of financial advisors (when measured on a per capita basis) and fierce competition for clients among financial advisors. In fact, both the median number of clients and the median assets under management are the lowest of any region that we evaluate. We also found that firms in Northern California are smaller (in terms of number of advisors and support staff) than their peers elsewhere, which illustrates that the economics of the financial advisory business in this region do not support larger team sizes. Unfortunately, the region is unlikely to experience significant change in the aforementioned metrics until either the number of financial advisors shrinks (again on a per capita basis) or there is a growth in the available client pool (typically households with \$100K or more of annual income). Neither of these is likely to occur in the immediate term, so we expect the wealth management business in Northern California to remain highly competitive for most financial advisors.

Key Research Findings¹

Median Years of Experience: **21 years**

Median AUM: **\$48 million**

Median Number of Investment Advisors: **1**

Median Number of Support Staff: **3**

Median Number of Clients: **60**

Median Client: Advisor Ratio: **45:1**

Median Client Retention Rate: **99%**

Median Assets Managed/Client: **\$1.5 million**

¹Source: Goldline Research

Regional Demographics

Estimated Population¹: **12,500,000**

Estimated Number of Households²: **4,250,000**

Estimated Number of Households With³:

\$100K+ Annual Income: **1,100,000**

Estimated Number of RIA's⁴: **1,250**

Estimated Number of Certified Financial Planners (CFP®)⁵: **2,900**

^{1,2,3} Source: U.S. Census Bureau

⁴ Source: Securities and Exchange Commission

⁵ Source: Certified Financial Planner Board of Standards

During the course of our study, we identified more than 1,250 Securities and Exchange Commission (SEC) registered investment advisors (RIA's) and more than 2,900 individuals holding the Certified Financial Planner (CFP®) designation in the region. This equates to approximately 1 CFP® for every 4,500 people and 1 CFP® for every 390 households earning at least \$100,000 per year in the region. The median years of experience in the region is 21 years and the median firm employs 1 investment advisor and 3 support staff, while managing approximately \$48 million in assets. The median client-to-advisor ratio in the region is approximately 45:1, with the median number of clients for each firm being approximately 60.

For more information about Goldline Research or this research findings report, please visit our website at www.goldlinersearch.com.