



Industry Trends & Dynasty Guidance

Q1 2024

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Slide 3

State of the Industry - 2024

Slide 4

Capitalizing on Conference Season

Slide 5-6

2024 Fast Figures

Slides 7

The Importance of Minimum Fees

Slide 8

Do's and Don'ts for
Investment Committees

Insights from
Q1 2024



State of the Industry – 2024

According to recent Cerulli data, the RIA channel continues to be the most popular destination for advisors, especially those departing from the wirehouses.

Projected Asset Market Share, 2022-2027E

Channel	2022	2023E	2024E	2025E	2026E	2027E	2022-2027E Gain/Loss (Percentage Points)
Wirehouse	34.1%	33.1%	32.0%	30.7%	29.3%	27.7%	-6.4 pp
National and Regional B/D	16.4%	16.7%	17.1%	17.4%	17.8%	18.2%	1.8 pp
IBD	12.3%	12.3%	12.4%	12.6%	12.7%	12.9%	0.7 pp
Hybrid RIA	11.0%	11.5%	12.0%	12.6%	13.3%	14.0%	3.0 pp
Independent RIA	15.7%	15.9%	16.2%	16.5%	16.9%	17.2%	1.6 pp
Insurance B/D	3.2%	3.2%	3.2%	3.3%	3.3%	3.3%	0.2 pp
Retail Bank B/D	7.4%	7.2%	7.0%	6.9%	6.7%	6.5%	-0.9 pp

- Hybrid RIAs are poised to experience the largest gain (3 percentage points) in projected asset market share over the next five years.
- The wirehouse channel’s asset market share is projected to decline by 6.4 percentage points from 34.1 % in 2022 to 27.7 % in 2027

By 2027, independent and hybrid RIAs will control nearly a third (31.2%) of asset market share, compared to 12.9% for IBD channel and 18.2% for national and regional B/Ds, virtually switching spots with wirehouses in a zero-sum battle for market dominance.

Growth

Independent and hybrid registered investment advisors (RIAs) experienced the largest year-over-year advisor headcount growth rate, a trend that holds true over five- and 10-year periods.

Factors Attracting Breakaway Advisors, 2022

Factors	Employee Advisors Who Prefer Independent Model		
	Not a Factor	Moderate Factor	Major Factor
Greater autonomy	11%	27%	62%
Higher payout	5%	38%	57%
Ability to build financial value in an independent business	12%	34%	54%
Better work/life balance	23%	32%	45%
Desire more personable culture	24%	37%	39%
Appeal of independent model to clients	32%	41%	27%
Elimination of sales quotas	61%	16%	23%
Lower minimum production/AUM requirements	57%	28%	15%
Greater opportunities for M&A	29%	57%	14%
Reduced exposure to proprietary products	59%	30%	11%

Top Cited Factors

- Greater autonomy
- Higher payout
- Ability to build financial value in an independent business to be sold or for succession

Least Cited Factors

- Elimination of sales quotas
 - Lower minimum production requirements
- * Suggest that advisors aren’t interested in independence because of limitations on their ability to develop new business.

The number of independent RIA firms has grown at a compound annual growth rate (CAGR) of 2.4% over the last decade, while the number of advisors operating at independent RIAs has grown at a CAGR of 5.2% over the same period

Though independent B/D reps enjoy many of the same benefits as those at RIAs, that channel's market share is only expected to inch up by 0.7%, a total of 12.7% market share. RIAs enjoy 100% payouts versus about 90% to 95% for IBD reps.

Capitalizing on Conference Season

Conferences can be overwhelming – here are some ways to be intentional about how your time, energy, and money are being spent this conference season

- 1
- Not all conferences are created equal – find the one that’s right for you:
- [Kitces’ Guide to the Best Conferences of 2024](#)
 - [Kitces’ Conference Calendar](#)
- 2
- Plan Ahead: Define Your Conference Objectives
- ✓ Networking opportunities
 - ✓ New strategies for inorganic growth and M&A
 - ✓ Specific investment-related ideas
 - ✓ Deepening your industry knowledge and professional development
 - ✓ Cultivating new relationships
 - ✓ Bolstering operational scale and efficiency

- 3
- Onsite Strategy: Create a Personal Itinerary
- Attend the sessions that align with your defined conference objectives
 - Look for sessions where collaboration is on the table (fireside chats, workshops, round tables) to maximize networking opportunities
 - Mingle strategically and follow up with your new connections

Best Conferences For Financial Advisors In 2024

Overall Financial Planning	Behavioral Finance	Going "Home" To Your Advisor Community
Technology	Advisor Marketing	
Technology Tools for Today	FEARLESS INVESTING SUMMIT	
Business Management	Charging For Planning	
Advanced Tax Planning	Conference Experience	

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Where to Find Dynasty This Spring	
April 16	InvestmentNews RIA Connect New York City, NY
April 29 – May 1	Dynasty Partner’s Summit Napa Valley, CA
May 8	Goldman Sachs Asset Management Professional Investors Forum New York City, NY
May 13	Wealth Management RIA Edge Hollywood, FL
May 14	Investnet Elevate Phoenix, AZ

2024 Advisor Fast Figures

Federal Marginal Tax Rates

	Individual Single		Married, Filing Jointly	
	From	To	From	To
37%	\$ 609,351	and beyond	\$ 731,201	and beyond
35%	\$ 243,726	\$ 609,350	\$ 487,451	\$ 731,200
32%	\$ 191,951	\$ 243,725	\$ 383,901	\$ 487,450
24%	\$ 100,526	\$ 191,950	\$ 201,051	\$ 383,900
22%	\$ 47,151	\$ 100,525	\$ 94,301	\$ 201,050
12%	\$ 11,601	\$ 47,150	\$ 23,201	\$ 94,300
10%	\$ -	\$ 11,600	\$ -	\$ 23,200

Estate and Gift Planning

Annual Gift/GST Tax Exclusion	\$ 18,000
Married, Splitting Gifts	\$ 36,000
529 Plan 5-Year Election	\$ 90,000
Married, Splitting Gifts	\$ 180,000
Basic Exclusion Amount	\$ 13,610,000

- Notes: 1. Annual 529 Plan contributions count as gift to beneficiary.
2. The following states levy an estate tax. Note that rates and applicable exclusion amounts often differ from federal:
CT, DC, HI, IL, MA, ME, MD, MN, NY, OR, RI, VT, WA
3. The following states levy an inheritance tax: IA, KY, MD, NE, NJ, PA

Individual Filers: Tax Deadlines

January 16, 2024	Q4 2023 Quarterly Estimated Tax
April 15, 2024	2023 Tax Return
	Q1 2024 Quarterly Estimated Tax
June 17, 2024	Q2 2024 Quarterly Estimated Tax
September 16, 2024	Q3 2024 Quarterly Estimated Tax
October 15, 2024	Extension: 2023 Tax Return
January 15, 2025	Q4 2024 Quarterly Estimated Tax

LT Capital Gains and Qualified Dividends Tax Rates Depend on Overall Taxable Income

	Individual Single		Married, Filing Jointly	
	From	To	From	To
20%	\$ 518,901	and beyond	\$ 583,751	and beyond
15%	\$ 47,026	\$ 518,900	\$ 94,051	\$ 583,750
0%	\$ -	\$ 47,025	\$ -	\$ 94,050

- Notes:
1. Additional net-investment Medicare surtax of 3.8% applies to incomes above \$200,000 for single filers and \$250,000 for married, filing jointly.
2. Capital gains exclusion on sale of qualifying personal residence of up to \$250,000 for singler filers and \$500,000 for married, filing jointly.
3. Short-term capital gains are taxed at ordinary rates.

2024 Advisor Fast Figures

Retirement Contribution Amounts

Account	Max. Elective Deferral	Catch up, Age 50 or Over
401(k), 403(b), TSP, most 457 plans*	\$ 23,000	\$ 7,500
IRA / Roth IRA	\$ 7,000	\$ 1,000
SIMPLE plan	\$ 16,000	\$ 3,500
SEP IRA**	\$ 69,000	N/A

*Total annual limit of employee plus employer contributions is \$66,000

**Lesser of \$69,000 or 25% of employee's compensation

Roth IRA Contributions By Modified AGI

Filing Status	Modified AGI	Contribution
Married, Filing Jointly / Qualified Widow(er)	≥ \$240,000	None
	≥ \$230,000 but < \$240,000	Partial
	< \$230,000	Up to Limit
Single / Head of Household / Married, Filing Separately	≥ \$161,000	None
	≥ \$146,000 but < \$161,000	Partial
	< \$146,000	Up to Limit
Married, Filing Separately and lived with spouse at any time during year	≥ \$10,000	None
	< \$10,000	Partial

IRA Deduction Limits (if Covered by Retirement Plan At Work) By Modified AGI

Filing Status	Modified AGI	Deduction
Married, Filing Jointly / Qualified Widow(er)	≥ \$143,000	None
	> \$123,000 but < \$143,000	Partial
	≤ \$123,000	Up to Limit
Single / Head of Household / Married, Filing Separately	≥ \$87,000	None
	> \$77,000 but < \$87,000	Partial
	≤ \$77,000	Up to Limit
Married, Filing Separately and lived with spouse at any time during year	≥ \$10,000	None
	< \$10,000	Partial

Calendar Year Market Returns

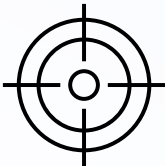
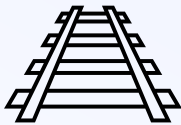
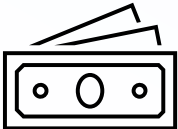

	2019	2020	2021	2022	2023
S&P 500	28.9%	16.3%	26.9%	-19.4%	24.2%
DJIA	22.3%	7.3%	18.7%	-8.8%	13.7%
Nasdaq Composite	35.2%	43.6%	21.4%	-33.1%	43.4%
Russell 2000	25.5%	20.0%	14.8%	-20.4%	16.9%
MSCI ACWI	26.6%	16.3%	18.5%	-18.4%	22.2%
Blmbrg US Agg	8.7%	7.5%	-1.5%	-13.0%	5.5%
Blmbrg Global HY	12.6%	7.0%	1.0%	-12.7%	15.0%

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The Importance of Minimum Fees

Fees should always be fair, reasonable, and aligned with the services offered. Below are some inflection points to consider when reviewing fee minimums.

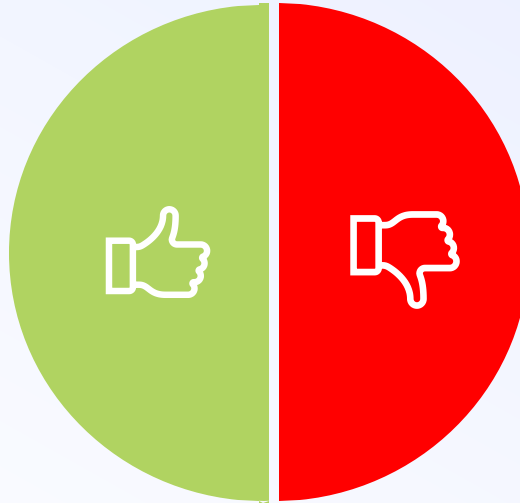


Benefits of Minimum Fees			
	Aligns Advisor's Interests <ul style="list-style-type: none">• Incentivizes comprehensive service• Avoids many conflicts of interest		Promotes Long-Term Focus <ul style="list-style-type: none">• Discourages product churning• Encourages holistic planning
	Ensures Adequate Compensation <ul style="list-style-type: none">• Covers costs of quality advice• Enables meaningful engagement		Enhances Transparency <ul style="list-style-type: none">• Simple, predictable fee structure• Builds client trust

The Dos and Don'ts for Investment Committees

DO

- ✓ **Establish a clearly defined mandate and charter:**
Clearly outline the roles, responsibilities, and decision-making processes of the investment committee to ensure proper governance and accountability.
- ✓ **Foster diverse perspectives:**
Ensure the committee comprises individuals with diverse backgrounds, expertise, and perspectives to promote robust discussions and challenge groupthink.
- ✓ **Implement robust due diligence processes:**
Establish rigorous processes for investment selection, monitoring, and portfolio rebalancing decisions to uphold fiduciary responsibilities.
- ✓ **Document decisions and rationales:**
Maintain detailed records of committee meetings, decisions, and rationales to establish an audit trail and ensure consistency in decision-making.



DON'T

- ✗ **Don't allow committee domination:**
Avoid allowing the committee to be dominated by a single individual or a small group, as this can lead to biased decisions and undermine the purpose of a diverse committee.
- ✗ **Don't neglect conflicts of interest:**
Ensure potential conflicts of interest among committee members or within the firm are properly addressed and managed.
- ✗ **Don't ignore compliance and regulations:**
Investment committees are subject to the same rules and oversight as the RIA firm, so compliance with relevant regulations should be a top priority.
- ✗ **Don't fail to review and update processes:**
Neglecting to regularly review and update the committee's processes, strategies, and decisions can lead to stagnation and misalignment with evolving market conditions and client needs.

GO DEEPER. Join our April Advisor Roundtable: *Starting and Sustaining an Investment Committee*

THURSDAY, APRIL 4TH, 3PM ET

*Feat. Jeremy Zoladz, Managing Director, Relationship Management, Co-Head of Service
& Matt Shute, SVP, Relationship Management*

Reach out to your Dynasty Relationship Manager for additional Information.



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The Forbes ranking of America’s Top RIA Firms, developed by SHOOK Research, was published on October 10th, 2023 and is based on an algorithm of qualitative criteria. The algorithm weighs factors like revenue trends, assets under management, compliance records, industry experience and those that encompass best practices and approach to working with clients. Portfolio performance is not a criterion due to varying client objectives and lack of audited data. No compensation was provided in exchange for rankings.

In August 2023, InvestmentNews invited wealth professionals from across the country to nominate their most exceptional leaders for the inaugural Hot List. After receiving the submissions, InvestmentNews narrowed the list down to 100 whose contributions have helped shape the wealth industry over the past year. From innovators at the forefront of change to leaders who are transforming the way the industry does business.

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