

Peer to Peer - How is Your Wealth Management Program Doing?

5 KEY BENCHMARKS

to Help Strengthen Service and Revenue in Your Financial Institution

As a financial institution leader, it helps to understand the rationale behind key wealth management metrics. By paying attention to important benchmarks, you can gauge whether you're operating within industry norms or lag behind your competition.

At PFG, we help financial institutions strengthen the health of their wealth management programs by placing the right people in the right seats. This creates a collaborative culture among staff, clients and advisors so your team can focus on growing the business. Review these industry benchmarks to determine how your team stacks up.

1

Branch Territory Size Per Advisor

Oftentimes, we see financial institutions appoint their lead financial advisor as the wealth management program manager, which creates a large branch territory size for each advisor in the program. In these rep-driven programs, this metric is typically higher than the industry benchmark, which is not necessarily a positive outcome.

Successful programs are structured to give advisors **smaller territories** than the industry average. Smaller territories lead to better client relations as a result of deeper branch coverage and more clients served.

2

Number of Clients Per Advisor

There is a limit to an advisor's ability to provide high quality advice over a large client base, because let's face it, there are only so many hours in a day. Manage the number of clients per advisor with scalable advice models that segment delivery of service to best match your clients' needs.

Keep your **client to advisor ratio lower** than the industry benchmark with solutions such as associate advisors, wealth advisors, robo and digital advice platforms.

3

GDC to Deposit Ratio

GDC to deposit ratio has been a longstanding metric to help smaller financial institutions see an apples-to-apples comparison to larger financial institutions.

If this ratio is below the industry benchmark for you, there may be a variety of **levers you can easily tweak to improve your gross revenue results**.

4

Percent of Advisory Business

A high percentage of advisory business in your wealth management program could cause regulatory red flags. Just because a financial advisor has a large amount of advisory business, does not mean they are providing quality advice. It's important to be aware of the SEC's rules for moving clients over to advisory business, which they refer to as reverse churning, and could result in fines.

Your **percentage of advisory business should be a reflection of the clients' needs**. Not all clients are suited to be advisory clients, so 100% could be a red flag. Did you know the SEC's Reg Best Interest (BI) goes into effect in 2020?

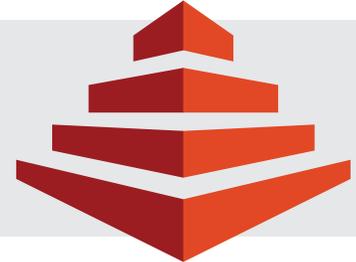
5

Referrals to Advisors

A high number of client referrals to advisors in your wealth management program is no doubt a good metric. But industry benchmarks don't always account for the size of the financial institution, number of member-facing employees, number of advisors and number of years the department has been operating.

Considering these factors, **set appropriate staff referral goals and relationship pricing tiers**. It is also wise to set and track financial advisor referral goals back to the financial institution.

For help understanding the implications behind any of these metrics, and to learn why financial institutions affiliated with PFG exceed many industry benchmarks, contact us at info@pfgteam.com or 800-405-8850.



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