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Magazine

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SPECIAL EDITION
TECHNOLOGY TOOLS
FOR TODAY

DALLAS, TX
MARCH 2025

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Take stock at T3 – then take action

CRAIG RAMSEY

SULEMAN DIN

For 21 years, our industry has come together at T3. It's an amazing opportunity to review the latest in wealth management technology.

However: not everyone leaves T3 with clarity.

Some people walk away with **'analysis paralysis'.** Due to the amount of choice available, they get stuck and fail to execute on any desired changes. Others catch a case of **'shiny ball syndrome'** – getting overly excited about a new solution without considering broader implications, which ultimately creates confusion and disruptive distraction back in their office.

How can you avoid these common mistakes during your time at T3?

- **Start with your strategy.** Jot down the top 1-3 most pressing issues at your firm, and design your T3 experience around addressing those specific opportunities / challenges.
- **Embrace a platform mentality.** Whether you work with one end-to-end technology provider or try to build your own connected tech stack, the end result must be the same: a cohesive, connected experience for your colleagues and clients.
- **Seek out perspective from others.** By meeting with leading industry experts and your peers, you can stress-test your existing thinking and gain valuable new ideas.

In this issue of *Action!* magazine, we cover common obstacles facing advisory firms in 2025.

T3 founder Joel Bruckenstein gives his perspective on driving organic growth – a persistent challenge for many RIAs.

AdvisorEngine CEO Rich Cancro challenges leaders to examine their technology and team more closely – and then take decisive action to support a digital – first client experience.

Those sentiments are echoed by one of Schwab's key advisor technology leaders, Alison Dooher, who details some of the findings from the custodian's annual advisor survey.

Additionally, industry veterans Suzanne Siracuse and Bob Curtis share tips on how advisors can gain a competitive edge with technology, and identify a new way for firms to serve clients.

We also share exclusive editorials from two of the biggest names in technology – Microsoft and Google.

Whether it's your first T3 or you've been attending for years, I hope that you leave the event with energy and clarity on how you can better align your technology to your firm's most important strategic initiatives.

Before you go: scan the QR code below to join our growing community and get access to our free monthly newsletter.

JOEL BRUCKENSTEIN

Why technology is key to unblocking organic growth

More competition means technology providers must also embrace a culture of open communication towards serving clients, says the veteran industry observer.

Artificial intelligence, generational transfers and talent shortages are coming together in a confluence of trends impacting wealth management.

But what's got the attention of advisory firms at the moment, says Joel Bruckenstein, founder of the Technology Tools for Today conference, are anemic organic growth rates being experienced by RIAs.

In a conversation with *Action!* magazine, Bruckenstein notes that whether it's the big trends reshaping the financial planning industry or the day-to-day business challenges facing RIAs, technology is at the center.

THE LATEST RESEARCH SHOWS ORGANIC GROWTH RATES AMONG RIAS HOVERING AT JUST 2%. WHAT ARE THE HURDLES FIRMS ARE FACING, FROM YOUR PERSPECTIVE?

> "You need to reimagine all of your processes and make them more efficient by taking advantage of the technology available today."

JOEL BRUCKENSTEIN: From my perspective, the main culprit is that many of these firms seeing low organic growth rates haven't embraced technological tools built to help them achieve that growth. To expand your business, you must be able to operate more efficiently. So, there's absolutely no reason why your firm should still be doing anything with your clients on paper. And I bet I could find several ways your firm could be doing things in a smarter, quicker process than how you're doing it now. There are so many tools available that can help you automate your workflows, make better sense of your firm data, and visualize it in simple terms. Your onboarding process should be totally digital. Your marketing and prospecting today needs to have a strong digital component to it. You need to reimagine all of your processes and make them more efficient by taking advantage of the technology available today.

HOW DOES AUTOMATED TECHNOLOGY HELP A FIRM ACHIEVE ORGANIC GROWTH?

BRUCKENSTEIN: Quite simply, it takes unnecessary tasks off the hands of advisors, and it saves firms hours that they can better spend with clients. The job of an advisor is to help clients identify their financial goals, build a plan with them to meet those goals and counsel them along that journey. The more efficiently you can do that with more clients, the more clients you can take on. You have more time for prospecting new clients, and you have more time to service existing clients, so you're putting the work into retaining them. From our research, the difference between firms using automated technology versus those that don't is a clear competitive advantage for tech-savvy firms.

WE'VE HEARD TECHNOLOGY FIRMS USE THE TERM "PLATFORM MENTALITY" SEVERAL TIMES. WHAT DOES THAT MEAN AT THE EXECUTION LEVEL FOR THE AVERAGE RIA?

BRUCKENSTEIN: There are two definitions here. One is literal – that you are open to bringing a wealth management platform into your practice to help you manage the business. That means deciding to invest in any of the providers that have built sophisticated all-in-one solutions to automate a variety of your daily practice tasks. You're moving from a traditional, paper-driven workflow to a modern, digitized method of managing your business.

The other is thinking about how to connect all the elements of your business digitally. And to be efficient, one action should drive the next. For example, if you bring in a new client, it proactively sets off a series of documents that need to be signed, accounts that must be opened, etcetera. You're thinking about the data that each process creates and letting that drive your business-feeding tools again that simplify your daily tasks, as well as providing you key insights into the overall health of your business. What you're doing with a platform mentality is seeing how your practice can work in a single process rather than chopped up into different units and tools.

> “What separates the leaders from the laggards is the willingness to invest and adopt technology.”

ARE WE LEAVING BEHIND THE ERA OF “SET IT AND FORGET IT?” IN OTHER WORDS, EVERYONE MUST BECOME AN EXPERT WITH THE TOOLS THEY HAVE; THERE CAN’T BE JUST ONE ‘TECH EXPERT’ AT A FIRM?

BRUCKENSTEIN: I think so, but it doesn’t mean it needs to be difficult. New advisors coming into the field are already tech-savvy in a way that older practitioners are not, but when you think about it, there’s no reason why they can’t be just as attuned to new tech. In your daily lives, the technology you use is constantly evolving; you learned how to pay with your phone or watch streaming shows. So why shouldn’t your business technology and your practices evolve, too? Now, in the past, there was a drive for simple solutions that took care of your business challenges. Tools in the market today are still going to do that, but they’re intelligent tools, which means you’ll have to get smarter about how you use them, too. That requires effort on your part to learn, to understand and to stay on top of new ways of doing things

WE’RE EXPERIENCING SEVERAL MAJOR INDUSTRY CHANGES: GENERATIONAL WEALTH TRANSFER, TECHNOLOGICAL EVOLUTION AND PRACTICE MANAGEMENT CHANGES, PARTICULARLY IN RECRUITMENT. HOW WELL ARE ADVISORY FIRMS MANAGING TO STAY ON TOP OF IT ALL?

BRUCKENSTEIN: It’s a mixed bag. As always, some firms are doing a great job, a large percentage of firms that are getting some things right, and then there are firms that are just falling behind. Several industry surveys, including ours, point to the same outcome: What separates the leaders from the laggards is the willingness to invest and adopt technology. They’re also more open to recruiting talent and re-evaluating their businesses. It’s all about the priorities you have about growing your practice. If you’re standing still, you’re going nowhere.

ARE INDUSTRY TECHNOLOGY PROVIDERS MEETING THEIR NEEDS? WE’VE SEEN SHAKEUPS AMONG THEM, TOO, WHETHER IT’S BEEN BIG CHANGES IN LEADERSHIP OR FURTHER CONSOLIDATION. HOW IS THAT IMPACTING THE WAY WEALTH MANAGEMENT FIRMS ARE BEING SERVED?

BRUCKENSTEIN: It’s certainly injecting a level of uncertainty into the market. I understand and can appreciate the forces behind some of the shakeups we’ve seen in the last 12 months. But I think the onus is on the tech provider to embrace a culture of open communication and ensure that the client is being seen and heard. Any technological tool is a sizable investment, and RIAs want to feel confident they’ve got the support behind the product. So, as part of your vision, I need to know, as a potential client, how you will ensure continuity. Because if there’s a drop in service or I feel neglected, I will bolt. I have many more tech choices today than I did even ten years ago.

AI TOOLS FOR WEALTH MANAGEMENT CONTINUE TO DEVELOP. WHAT’S GOT YOUR ATTENTION RIGHT NOW?

BRUCKENSTEIN: I’m keeping an eye on the tools aiming to replicate front-facing client service. The first robo-advisors weren’t built to sit down and discuss your financial dilemmas. They were tools designed to quickly put you in a portfolio, and a simple one at that, too. Everyone now sees them for what they really are – automated TAMPs. They were never going to upend the advisory business. But a system that can have a human face and voice, carry a free-flowing conversation with you and build you a portfolio? That’s certainly a challenge.

HOW DO FIRMS MANAGE THE COMPLIANCE CONCERNS SURROUNDING THE USE OF AI?

BRUCKENSTEIN: This isn’t as complicated as some folks want to make it to be. If you have a robust compliance program, you’ve already got a lot of the language and checks to evaluate and monitor the tools you want to use. There are some new elements to AI tools, such as plagiarism concerns and hallucinations, that require a little more language and consideration, but at the end of the day, you’re a fiduciary; you’re bound to put the client’s needs first; no matter what tools you rely on to get that done.

THE INDUSTRY IS INVESTING MORE IN CYBERSECURITY, BUT IT’S DIFFICULT TO KEEP UP WITH ALL THE THREATS. WHERE SHOULD ADVISORS FOCUS THEIR ATTENTION?

BRUCKENSTEIN: Cybersecurity is such a critical area, but advisors just haven’t given enough attention to it to begin with, so any firm that’s taking it seriously at all has my hearty approval. Look, it’s a complicated field; there are constant threats, and it’s almost impossible to keep on top of them all without a dedicated resource to the issue. That’s why there are any number of consultancies out there willing to work with RIAs to help them become more secure and stay protected. But I think there’s got to be a basic level of literacy among RIAs about risks to client data and how to mitigate them, protecting the tools you rely on and knowing your responsibilities according to the regulators.

YOU SPEND A LOT OF TIME THINKING ABOUT WHAT’S COMING NEXT – WHICH PREDICTION OF YOURS HAS ALREADY PANNED OUT?

BRUCKENSTEIN: AI for sure has developed a lot sooner than I or anyone else thought it would. People used to think we were decades away from getting to the point we’re at now. It’s a new world out there, and it’s time wealth management takes advantage of the power these tools can offer.

BERNICE NAPACH

The great wealth transfer, AI and technology's impact on RIA practices

APPROXIMATELY $70 TRILLION WILL BE INHERITED BY FUTURE GENERATIONS IN THE NEXT 21 YEARS IN THE GREAT WEALTH TRANSFER, ACCORDING TO CERULLI ASSOCIATES.

Among prospects today, the decision to trust a particular firm with their money often happens during their first interaction with the digital presence of an RIA firm.

Approximately $70 trillion will be inherited by future generations in the next 21 years in the Great Wealth Transfer, according to Cerulli Associates.

Advisors are well aware about this potential massive shift, but AdvisorEngine CEO Rich Cancro and Nitrogen CEO Dan Zitting said many are unprepared for this massive shift.

"The core thing to do is to make the next generation a client," Cancro said. "It's not enough to be sitting around a table with the parents and the children," added Cancro, who joined Zitting in a recent CEO roundtable about how RIAs can take advantage of trends, strategies, technologies and tools to grow their businesses.

Nitrogen's 2024 Firm Growth Survey of over 1,300 RIAs found that only 19% of respondents had established a meaningful relationship with their clients' children or inheritors, even though 97% acknowledged the importance of the generational shift.

"I'm very passionate about this topic. It's happened in my life," Cancro said. After his parents passed away, the advisor his parents shared never tried to connect with Cancro. "That advisor had no shot at keeping those assets," Cancro said. "We transferred those assets away."

He cautioned: "If you're not connecting with the next generation or generations and making them clients, you risk losing a significant portion of your assets. Your practice should be literally your best referral book."

Cancro added it's also important for firms to bring aboard younger advisors and other client-facing staffers so that there are people that the next-gen client easily engage with and believe will serve them for decades to come through their future life journey.

> "If you're not connecting with the next generation or generations and making them clients, you risk losing a significant portion of your assets. Your practice should be literally your best referral book."

Rich Cancro
AdvisorEngine, CEO

INVESTING IN TECHNOLOGY

Another key driver for RIA growth is the investment in and the use of technology.

"A lot of advisory firms treat technology as an expense, and of course, it is an expense, but it's also a significant growth enabler if you get it right and work with the right partners and platform," Cancro said.

Technology is key to many facets of an RIA's business: the digital experience for clients; data analytics that help advisors personalize services; and workflows connecting advisors, their clients and the firm's business operations staff. Also playing key roles are the automated workflows connecting multiple functions such as trade rebalancing, performance reporting, billing and compliance. All of those connections drive true fundamental scale for your firm, Cancro said.

Unfortunately, like the challenge of The Great Wealth Transfer, many RIAs are failing to maximize the use of technology to grow their business.

A recent AdvisorEngine survey of RIAs found that close to 90% of advisors view the digital experience as extremely important for client engagement, yet only 34% reported activating that experience, Cancro said.

That failure risks losing potential clients and even existing ones.

ENHANCE DIGITAL EXPERIENCES

The digital presence of an RIA is often the first connection a potential client, especially millennials and Gen Xers, makes with an RIA firm. The decision about whether they can trust a particular firm with their money — "a firms' biggest asset for driving growth" — often happens during that digital interaction, well before they talk to anyone, Zitting said.

The Nitrogen 2024 growth survey found firms that set strategic objectives and use platforms designed to enhance the digital experience were more than twice as likely to achieve AUM growth greater than 21%.

Zitting recommends in addition to enhancing the digital client experience, RIAs use technology to develop data analytics to customize their message to prospects and clients alike and automation tools to drive efficiency overall and in the backend, including compliance.

"A majority of advisors want to use software to grow their AUM but may be under-utilizing their existing technologies that could streamline compliance and client engagement efforts," notes the Nitrogen 2024 report.

Just 17% of Nitrogen's survey participants — primarily financial advisors and RIA executives — reported using compliance technology daily despite the fact that advisors called regulatory obligations the biggest threat to growth. Only 31% of survey participants considered personalized client engagement platforms a must-have.

"Before you onboard an expensive advisor and think that's the way forward for growth, think about what technology would cost as a way to multiply that growth instead," Cancro said.

RIAs must also ensure new tools integrate well with their core platform and third-party tools. "It has to start there, versus investing in yet another set of technology that's potentially disconnected from everything else you're doing," Cancro said.

That applies to AI as well, which could be the next big thing in an RIA's technology arsenal. Cancro said he was excited about the potential these tools offer advisors to help scale their businesses, from efficiently serving their clients to speeding up their compliance tasks.

However, he acknowledged the technology is still in its infancy and to derive the most benefit the tools need to be integrated with the RIAs' platform.

21%

FIRMS THAT SET STRATEGIC OBJECTIVES AND USE PLATFORMS DESIGNED TO ENHANCE THE DIGITAL EXPERIENCE WERE MORE THAN TWICE AS LIKELY TO ACHIEVE AUM GROWTH GREATER THAN 21%.

PERSONALIZE CLIENT RELATIONSHIPS

Technology can play a key role to personalize an advisor's interaction with prospective and current clients. With an analysis of that public data, an advisor can create a proposal targeted to that individual's situation to not only win their business but remain engaged throughout that client's entire lifecycle, Zitting said.

"The ability to combine analysis with the amount of public data that's out there and do that in a relatively automated way to make it scalable is an easy way to make an RIA stand out," Zitting said.

That personalization starts with a firm's CRM, which contains lots of information about a client — such as their investing needs, family, goals, communication preferences and more.

"RIAs can use that information to drive their service level, not by telling clients what they will do for them but asking clients how they want to be served… how they want to interact [and how often], what they want to talk about, what they want to learn," Cancro said.

DATA QUALITY AND CYBERSECURITY FOCUS

At the core of personalization and any modern RIA tool is data. Both leaders challenged firms to examine how accurate and relevant their data is.

"How we serve our clients, how we scale our business, how we do compliance, all those things start with the quality of the data," Cancro said. "You can have the best platform in the world, the best tools in the world, like an amazing data lake, but none of it matters if the data actually in there isn't accurate, timely and consistent. Everybody in the firm needs to be a data evangelist."

Throughout it all, RIAs need to ask if they and their providers are doing all they can to protect their clients' data.

Cancro said. "At the end of the day, a client has to trust you with their information."

QUANTUM TECHNOLOGY HAS THE POTENTIAL TO REVOLUTIONIZE WEALTH MANAGEMENT

How advisors can prepare for the quantum revolution

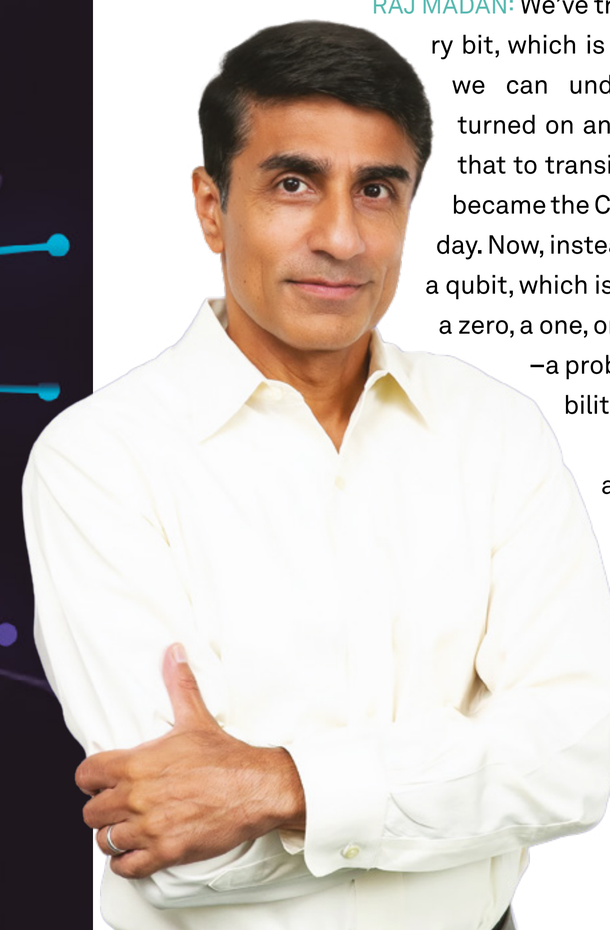
SULEMAN DIN

While quantum computing might seem like science fiction, it is quickly transitioning from theoretical research to commercial application, with Google and IBM leading the charge.

Unlike conventional computing, which uses bits in a deterministic on-or-off state, quantum computing employs 'qubits' that can exist in multiple states simultaneously. This shift allows for unprecedented computational power, opening doors to complex problem-solving in portfolio optimization, risk management and complex asset pricing.

Speaking to *Action!* magazine, AdvisorEngine's Chief Technology Officer, Raj Madan, delves into quantum computing, and how it differs from traditional binary systems.

SULEMAN DIN: RAJ, THANK YOU FOR JOINING ME. I'M INTERESTED IN HEARING MORE ABOUT QUANTUM COMPUTING. WHAT IS IT?



RAJ MADAN: We've traditionally used a binary bit, which is one and zero, because we can understand things being turned on and off. And we translate that to transistors, which eventually became the CPUs and the GPUs of today. Now, instead of a bit, you will have a qubit, which is something that can be a zero, a one, or it could be a spectrum –a probability of zero, a probability of one.

What is interesting about this stuff is that binary is very deterministic. But nature, especially quantum mechanics, is not. There's the whole chaos aspect within quantum mechanics. The probability of certain things is not as straightforward. So, using that to our benefit, is, believe it or not, a way to go.

DIN: BUT HOW CAN YOU PACKAGE THIS IN COMPUTING POWER?

MADAN: Believe it or not, it goes back to Albert Einstein and his theories. He called it, The Spooky Action. Now they're saying, well, let's take that and bring it into practice. In generative AI, you had an innovation on the software side. You have what's called Transformers, and we built the infrastructure to enable it. This confluence of events happened, and now we have these amazing solutions.

Quantum computing is essentially computing at the subatomic level. There are certain things they discuss, we're not going to get into too much detail, but terms like superposition, interference, and entanglement. Those three things represent certain barriers the industry is trying to tackle.

For instance, to deal with interference and decrease noise, they must bring the system down to an absolute zero, zero Kelvin, or -450 degrees Fahrenheit. And that kind of atmospheric setup will be very expensive until we know how to do this better.

> "Let's say you're financial planning and you want to run 10,000 Monte Carlo scenarios in the background. You could do that pretty quickly – it would be instantaneous"
>
> Raj Madan
> AdvisorEngine, CTO

DIN: JUST BECAUSE OF THESE ENOMOUS REQUIREMENTS, I GUESS IT GETS ROLLED OUT A LITTLE DIFFERENTLY THAN GENERATIVE AI. WHERE WILL WE SEE QUANTUM USES FIRST?

MADAN: One of the places you're definitely going to see first is with those who've invested a lot in the space. All the cloud-based entities such as Google, Amazon, Microsoft, they actually, if you go to their sites, you can look at their options for working with quantum computing already.

I think they're very thin, if you will. But at the end of the day, all the cloud providers are aware of this revelation that will occur, and they are preparing. And there are some security concerns too.

DIN: WE'RE TALKING ABOUT SOME SORT OF ADVANCED LEVEL OF COMPUTING THAT MAKES CURRENT CYBERSECURITY OBSOLETE?

MADAN: Currently, the keys that we use for encryption are essentially 256 bits. We use that number and that size because we feel like it's safe and it's hard to crack. And, of course, it provides a good user experience, so it's not too much of a load on the system.

But when we go down this path of quantum computing, you're going to have keys that are much more sophisticated. You are going to have safer situations, but you have a quantum computer trying to hack into that key and decrypt it too. When that does happen, all the security keys are going to become defunct.

As we know, innovative technology can make massive leaps and are shocking to a certain extent. It's suddenly like, 'Oh, it's here.' Once you have that stable quantum computing solution that is robust, you will have something out of this world.

DIN: WHAT WILL THE NEXT 20 YEARS BE? WILL IT ALL BE QUANTUM COMPUTERS, THEN?

MADAN: About 20 years ago, did we ever think that we'd have a supe computer in the palm of our hands? What we are all basically carrying around is a supercomputer today. So, will we have quantum computers at home in 20 years? Hard to say.

DIN: I'M IN A WEALTH MANAGEMENT FIRM, AND I'M THINKING ABOUT AI AND QUANTUM COMPUTING. HOW DO I PREPARE? HOW DO I POSITION MY FIRM FOR A COMPETITIVE ADVANTAGE IN THE FUTURE?

MADAN: Investments are very important here. If you do have an on-premise solution, meaning you roll your own in your own data center, you will have to prepare, and that will be difficult.

But just as far as applications go? Get off of the legacy platforms, like what we've done at AdvisorEngine. We've spent a good amount of time last year and the year before to transition our legacy platform on the CRM side, and now we have everybody in the cloud.

I'm more comfortable in that space because I know cloud providers are looking into quantum and researching it, and hopefully will be more prepared than the rest of us when it comes to this technology.

Being in the cloud is a good place to be; it's a very safe place. One of the benefits you get from being fully cloud-based is that when technology does change, they adopt it very quickly and provide us with the tools we need to leverage that change. So there's an advantage to that.

DIN: THE COMPANIES INVESTING IN QUANTUM COMPUTING RIGHT NOW, DO YOU SEE A BUSINESS MODEL WHERE THEY WOULD MAKE QUANTUM COMPUTING AVAILABLE THROUGH THE CLOUD?

MADAN: One hundred percent. They're already doing that. If you go to their sites, they'll say, hey, you want to try some and do some proof of concepts and so forth.

DIN: DO YOU SEE THE INSTITUTIONS IN OUR SPACE TRYING TO BUILD THAT AS WELL, OR WILL THEY RELY ON AMAZON THE WAY THAT THEY USE IT FOR AMAZON WEB SERVICES?

MADAN: This is innovation at its best. And we know capitalism drives a lot of this stuff. At the end of the day, if they can, they will make it. And if they can sell it, they will most definitely make it.

So yes, maybe it's the large industrial entities that have their on-premise data centers. Maybe there will be an entity out there that can help them ensure they don't get squashed by this cycle.

I assume that things will work out better, but there will be a time when there will be a bit of a gap. And my concern is that gap.

DIN: DO YOU SEE THE FIRMS THAT HAVE ACCESS TO THAT POWER, HAVING A REAL COMPETITIVE ADVANTAGE? I HAVE THE ABILITY TO TAP INTO QUANTUM COMPUTING, SO MY PORTFOLIO MANAGEMENT IS GOING TO BE FAR BETTER THAN YOURS.

MADAN: Absolutely. A lot of the optimization space, portfolio optimization, risk management, complex asset pricing, or even if you're doing financial planning. Let's say, you use Monte Carlo and you want to run 10,000 scenarios in the background, you could do that pretty quickly – it would be instantaneous. Maybe real-time is the word I should use. So it's very different from what we do now, which is you run it, you wait a little while, you get back a result.

I'm still kind of questioning how we will take advantage of the technology because, along with all infrastructure changes needed, it is an application change too, so we have to be cognizant of the fact that application changes have to occur.

> "One of the benefits you get from being fully cloud-based is that when technology does change, they adopt it very quickly and provide us with the tools we need to leverage that change."

DIN: IT SOUNDS LIKE QUANTUM COMPUTING WILL BE BIGGER THAN AI TO SOME DEGREE.

MADAN: It will pair with AI and supercharge AI. It's an exciting time to live; it really is. When you think about quantum computing, how it's modeled to work like Mother Nature. Right now, we have trouble modeling things because of complexity. You'll have a computer that is no longer based on a legacy concept of a zero, that can instead model the world. It's going to be very interesting to see what happens.

Technology and advisor growth: A conversation with Alison Dooher

SULEMAN DIN

WEALTH MANAGEMENT PLATFORMS ARE NOW ESSENTIAL FOR ANY RIA THAT WANTS TO SCALE THEIR BUSINESS, SAYS SCHWAB'S INDUSTRY TECHNOLOGY EXPERT.

As an ardent technologist, Alison Dooher, managing director at Schwab, is happy to note advisors are putting greater importance on tech tools in their practice.

There's a growing list of reasons why, Dooher notes – for instance, advisory firms are feeling the pinch to grow, and wealth management platform technology is now essential for any RIA that wants to scale their business. There's also the surprising speed at which AI tools are proliferating in the market, and advisors see the potential for efficiency if they can harness them properly. Even her team, Dooher says, is already building out a tool they hope to share with advisors in the near future.

Dooher discussed the latest findings from the Schwab Independent Advisor Outlook Study and more with *Action!* magazine.

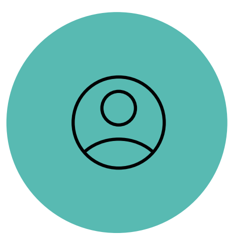
SULEMAN DIN: ALISON, IT'S GREAT TO SIT DOWN WITH YOU AGAIN FOR ANOTHER *ACTION!* MAGAZINE SUPPLEMENT. THE LATEST SCHWAB INDEPENDENT ADVISOR OUTLOOK STUDY JUST RELEASED, COVERING SEVERAL ISSUES RELATING TO ADVISOR TECHNOLOGY AND EMERGING PRACTICE MANAGEMENT TRENDS. WHAT FINDINGS SURPRISED YOU THE MOST?

ALISON DOOHER: I wouldn't call it surprising-gratifying would be a better descriptor, particularly for someone in my role, in that we're starting to see technology acknowledged and cited as one of the top, if not the top, factors contributing to the decisions that RIAs are making for their practices. It's just so pervasive, it is in every part of our lives now and becoming more a part of their businesses too. When I get together with advisors, I would say even two years ago, I didn't hear technology naturally come up in the conversations I had with some of the senior executive leaders across RIA firms. That's been increasing in the last year alone; it makes its way into every topic we discuss. So, I feel the study really reflects that.

BIGGEST DRIVERS OF CHANGE IN RIA INDUSTRY

43%
Technology

22%
Regulation



18%
Clients

17%
Advisors

SULEMAN DIN: I NOTICED ALMOST HALF OF ALL SURVEY RESPONDENTS AGREED TECHNOLOGY IS NOW THE BIGGEST DRIVER OF CHANGE IN THE INDUSTRY. WHAT DO YOU THINK IS CONTRIBUTING TO THAT SENTIMENT?

ALISON DOOHER: There are multiple factors, but probably first and foremost is that the availability of solutions to advisors is more robust and better than ever, and it will only continue to grow. Another factor is the amazing growth of the RIA industry in and of itself. To grow that fast and successfully while maintaining client focus, it will be important for RIAs to seek technology to maintain that level of relationship and that level of service they're seeking to provide.

When I think about technology, particularly in services-based businesses, it always boils down to the client journey at its core. What is sometimes forgotten when we technologists do things like journey mapping is that we focus on the client, but what's equally important is focusing on the client's trusted guide and the systems and processes that are there to support those guides. The client's guide is the individual most important to making the client's journey special.

SULEMAN DIN: HOW, THEN, ARE FIRMS HANDLING THEIR TECHNOLOGY CHALLENGES, AND IS THAT IMPACTING HOW SCHWAB IS THINKING ABOUT HOW IT SUPPORTS RIAS?

ALISON DOOHER: Almost three-quarters of firms are thinking about how they can create internal scale, so efficiency is often on our minds and how we are mutually creating it for advisors. We always say the best status is done, so there's still work to be done. We continually try to identify and reduce friction points, if not eliminate those friction points entirely, from everyday servicing tasks for clients. Those are the things that can become painful and stressful in relationships when they don't go well, so we are really trying to deliver absolutely seamless experiences for those everyday advisor tasks.

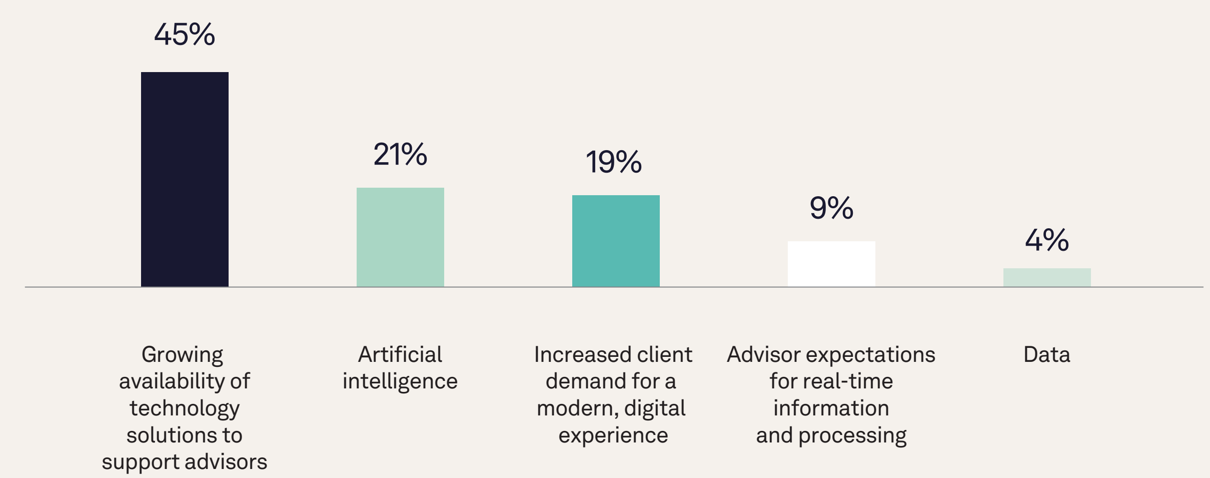
If you think about the relationship the client has with their advisor, it's very personal. However, there is also a tremendous amount of client data available to advisors. How does that enable them to enrich their client relationships? I foresee a lot of work with advisors will be around helping to expose them to the data Schwab might have relative to their clients. Maybe it's just core custodial data, but are there certain trends, or are there certain aspects of that data that can contribute to their intelligence on their clients? We can help advisors leverage and utilize that data from an AI perspective to really start prompting the next best conversations they can have with clients or identifying opportunities within their client base. It is an emerging area we've seen quickly explode, and it's hard to imagine slowing it down.

SULEMAN DIN: ADVISORS THOUGH ARE STILL CHALLENGED BY INTEGRATIONS AND BUILDING THE RIGHT TECH STACKS. WHAT'S THE IDEAL THEY SHOULD BE WORKING TOWARD?

WHICH OF THE FOLLOWING AREAS OF TECHNOLOGY WILL YOUR FIRM INVEST IN DURING THE NEXT YEAR?

37%
Client experience

TOP TECHNOLOGY-RELATED DRIVERS OF CHANGE IN THE RIA INDUSTRY



Graphics source: Schwab Independent Advisor Outlook Study, 2024

> “So technology is not necessarily just about supporting your client journey, but it's also about supporting your employees’ journey and in many ways is a big factor in driving employee engagement.”

ALISON DOOHER: Every firm is going to pick their own path. I will say that more and more, we are seeing advisors migrate from single-point solutions to identifying solutions that are either out of the gate or have the strong potential to be able to serve multiple parts of the client journey or multiple parts of their business. When you have 20 solutions within a tech stack, they might each give you the best point solution, but the difficulty of actually having 20 things talking to each other costs you so much time. What I’ve found interesting is that when advisors use specialty point solutions, they end up actually using only 70% percent of the features and aren't using the full complexity of the solution anyways.

SULEMAN DIN: AI USE HAS GROWN CONSIDERABLY IN SCOPE SINCE OUR LAST CONVERSATION, SO I WANTED TO ASK IF YOUR TEAM HAS EXPERIMENTED WITH IT AND IF YOU HAVE ANY LESSONS LEARNED TO SHARE FOR ADVISORS WHO ARE CONSIDERING THESE TYPES OF TOOLS.

ALISON DOOHER: We're in lockstep with how advisors are thinking about AI, which is that the opportunity is incredibly rich, but we want to be cautious in this space and make sure we're taking the time to learn. We want to make sure when we do truly unleash it, it will provide the value that we expect and we're confident in how it's being used.

There are two areas I would say that we're looking into. The first area is knowledge management. This is a complex business and we have a lot of folks talking to clients. They really are what we consider to be our special sauce, for lack of a better term. So this would support the engagements we can facilitate for our service organization and our client-facing organization when they're talking to advisors, teeing up information to them in the moment but have it be very discreet and very purposeful. In the past, we’d have to go to this guide, then the index, search for the article, read the article... all this time being wasted in that process. We think by unleashing some of the AI tools today we can then feed questions that our service organization is getting and provide answers that are really meaningful with actionable purpose to them. We’re really excited about that. We're going to test internally, starting this year and leading into next year. We can then share that same type of tool externally for advisors when they're coming to us and looking for answers.

That’s the second thing we're really focused on. Everybody's thinking about how you would want to recapture conversations that you're having with clients. How would you want to prepare for a client meeting and the tools that can tee up critical information. Such as, here's what you talked about last time; by the way, here's some key life events that are happening soon for your clients so be sure to mention them. There's a lot of personalization that can go into facilitating great meetings and interactions advisors are really looking into. Of course you capture the outcome, the next steps, and this all bleeds into some sort of client journey and workflow that guides the advisor.

Alison Dooher, managing director at Schwab, talked shop with AdvisorEngine Chief Technology Officer Raj Madan (left) and AdvisorEngine CEO Rich Cancro at Schwab IMPACT in Philadelphia. Photo: Suleman Din

SULEMAN DIN: ANOTHER BIG SHIFT IMPACTING THE INDUSTRY IS DEMOGRAPHICS. MANY ADVISORS ARE AT THE POINT OF RETIREMENT, MEANWHILE CLIENTS ARE GETTING YOUNGER. WHAT ARE FIRMS DOING TO ACCOMMODATE THESE COMPETING CHANGES?

ALISON DOOHER: We expect the advisory industry will need to hire up to 80,000 employees and in relatively short order. In my conversations with RIAs, they note their tech stack is actually important to attracting new talent. The youth we want to attract into this industry aren't looking to join an office filled with stacks of paper – that's not what today's college graduates envision of what an office looks like. So technology is not necessarily just about supporting your client journey, but it's also about supporting your employees’ journey and in many ways is a big factor in driving employee engagement.

Why complete IRS data is key to effective tax planning

KEVIN KNULL

The need for complete client IRS data is driven by the complexity of tax regulations, the increase in personalized tax strategies, and the demand for more customized advice recommendations.

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The financial advisory industry increasingly recognizes the importance of having complete IRS client data to deliver effective tax planning and financial planning recommendations.

However, gathering data for clients to build a complete and robust plan has become increasingly difficult, particularly when clients utilize multiple advisors or complex situations.

With complete tax data, advisors are better equipped to offer accurate, customized, and compliant tax and financial planning recommendations, which is increasingly essential in today's advisory landscape when offering additional value to clients.

Without it, financial advisors are at higher risk of making costly errors in tax planning, which can lead to unexpected tax liabilities, penalties, audit risks, and potentially faulty recommendations.

DATA PITFALLS

Traditionally, advisors have had limited access to clients' IRS data, relying instead on information provided by clients, which can be incomplete or outdated. This makes it difficult to identify tax-saving opportunities, catch discrepancies, and ensure compliance.

The foundation of successful tax planning lies in comprehensive financial planning based on a client's complete financial picture. A financial plan is only as strong as the quality of the data it's built on. For example, using generalized estimates, like a single lump sum for income, can lead to inaccurate results.

Not all income is the same – there's ordinary income, non-taxable income, tax-deferred income, and tax-exempt income. Relying on a simplified income figure often results in either overpaying or underestimating taxes, both of which are costly.

An IRS data gap can also prevent advisors from delivering proactive, personalized service, weaken client relationships and limit business growth potential.

Some examples of tax planning mistakes from a lack of data include:

- Missed tax deductions and credits
- Overlooking unreported income
- Failure to adjust for tax liabilities on past earnings
- Incorrect Roth conversion recommendations
- Non--compliance with IRS reporting requirements
- Delayed filing deadlines due to missing information

As our industry ages and fewer new professionals join the field, the objective is to scale advice and make it more efficient. When advisors get better data at the front end, they can deliver better advice to clients. Ultimately, good tax planning leads to measurable financial benefits and an improved sense of control over a client's financial future.

GROWTH OPPORTUNITY

Industry studies show that the average firm sees only 3% organic growth, but that doesn't mean growth is hard to find. The key is to locate the assets.

Most high-net-worth clients work with multiple advisors. The challenge, then, is discovering where all their assets are in order to make the best recommendations. The IRS knows where all the money is. Every custodian, whether it's a bank, brokerage, IRA, HSA, 401(k), or even LLCs and S Corps that generate income, reports all those details to the IRS. These transactions are captured in the tax records.

By accessing and analyzing this information, advisors can uncover numerous opportunities to help their clients and earn additional business. Advisors gain a comprehensive view of a client's financial landscape, including held-away assets.

This access also helps advisors provide more accurate and personalized tax planning, including optimized retirement and Roth conversion strategies, charitable contributions, and other tax-efficient recommendations.

All this data offers insights that advisors wouldn't otherwise have, enabling them to offer advice that other advisors might miss. With the whole picture in hand, advisors are in a much stronger position to make recommendations that could benefit the client, ultimately helping them increase client satisfaction and achieve more organic growth via increased assets managed, client retention, and client referrals.

Kevin Knull, CFP®, President of TaxStatus (www.TaxStatus.com), which is focused on elevating the quality of advice in the financial services industry and protecting individuals and businesses from tax-related identity theft. He is the author of the book, "Exploring Advice: What You Need to Know About Good Financial Advice, a Quality Financial Plan and the Role of a Fiduciary."

T3 2025 Predictions

JAMES DEAN

Global Generative AI Specialist and Financial Services Lead at Google

As we move further into 2025, generative AI (gen AI) is not just a buzzword; it's a rapidly evolving force impacting various industries.

Organizations are eager to harness its potential, but it's crucial to be aware of both the exciting trends and the potential pitfalls that lie ahead. One major trend is the increasing adoption of gen AI in financial services, where 63% of firms are already using it in production. This drives revenue growth, with 90% of financial institutions seeing revenue gains of 6% or more due to gen AI. This adoption is fueled by gen AI's ability to enhance customer service, boost productivity, and improve security. Many financial services companies see a return on investment (ROI) on at least one use case. However, the path to successful gen AI integration isn't without its challenges. One of the key pitfalls to avoid is underestimating the importance of a strong AI culture. Organizations need to involve their teams in decisions about AI and foster a culture of experimentation and learning. Another critical mistake is removing human experts from AI workflows. Gen AI can't replace human expertise and real human experts must validate the output of AI. Neglecting security risks is another significant pitfall, as sharing sensitive information with non-secure AI tools can lead to data leaks. Establishing clear data protocols is essential. Finally, creating effective prompts requires a learned skill, so it is important to provide gen AI with the proper context to get the best results. In 2025, be prepared for gen AI to move beyond internal use cases to customer-facing applications. Successful implementation requires a strong data foundation, clear objectives, and a strategic approach. To make the most of gen AI in 2025, building a supportive environment that emphasizes collaboration, security, and human oversight is necessary.

AMY YOUNG

Industry Advisor, Capital Markets at Microsoft

2023 was a year of POCs and foundational learning about GenAI. 2024 brought inaugural GenAI-enabled tools into production. 2025 will be the year that users notice GenAI being infused into workflows.

> "2025 will be the year that users notice GenAI being infused into workflows."

The conversation still isn't about replacing advisors; however, it's not just about reducing time spent on admin. We're entering a phase where AI can help firms improve the quality of advice: It will help them reveal new client needs, follow through more consistently and inspire greater trust by demonstrating more clearly how they're ensuring clients achieve their goals.

This next level of impact will come from GenAI being combined with other technologies. Agents are a prime example. While bots have automated simple, rule-based processes for years, RPA is being combined with the "intelligence" of LLMs to automate processes that require reasoning. The breakthrough comes from three things:

1. Previously, we had to map each step and permutation to automate a process. GenAI can learn the steps from company documents.
2. Now, we can train agents with the skills needed to complete each step of the process. For example, selecting the proper forms to open a trust account and then extracting data from those forms and sending it to a record-keeping platform.
3. Then, we use a GenAI-enabled orchestration agent to interpret the user's task and assemble the relevant agents to execute it.

This example doesn't involve any new tech; it's enabling more advanced solutions by assembling the building blocks in novel ways. And while there's no new tech, this does represent a new level of innovation. Firms should do two key things to keep pace:

1. Invest in learning – for everyone. Obviously, IT needs to understand the tech, but that's not enough. CEOs and CFOs must also understand how to allocate capital to support AI, operations must understand it to transform processes, and even Advisors need to be comfortable with AI to drive adoption.
2. Prepare your data. Everyone knows AI is only as good as the data that powers it. This next wave of agentic capabilities will be fed by narrower and more specific data sets. Firms must prepare their data for this new wave of tools to access it accurately and efficiently.

There's a Chinese proverb that says, "The best time to plant a tree was 20 years ago; the next best time is today." Start today to position your firm for success in the age of AI.

SUZANNE SIRACUSE

Founder and CEO of Suzanne Siracuse Consulting

As we step into 2025, our industry is navigating an ever-evolving landscape driven by technological advancements and shifting client expectations. Staying competitive requires a keen focus on organic growth, technology investments, and the transformative power of AI.

> “Success means retaining more clients, maximizing revenue per user, and leveraging AI to make smarter, faster decisions.”

Organic growth: Client retention and engagement remain critical. In 2025, firms are prioritizing seamless onboarding experiences and hyper-personalized interactions driven by AI to maintain retention rates above 95%. Expanding wallet share through AI-powered insights and predictive analytics is also key for cross-selling opportunities. Scalability and efficiency through automation will further enable firms to reduce manual work and allocate resources more strategically.

Technology Investments: To fuel growth and enhance operations, technology investments are focused on no-code and low-code solutions that allow for faster deployment of digital experiences without IT bottlenecks. Integrated platforms are breaking down data silos, enabling better decision-making and more streamlined workflows. Cybersecurity and compliance AI tools are becoming essential for automating risk management and staying ahead of evolving regulations.

Data's Foundational Role: Financial services firms are leveraging robust data platforms to enhance their operations. Many are building custom data warehouses with Datalakes to boost AI efficiency.

AI of course is poised to be a game-changer in 2025. Here's just some of the ways it will flow into advisory practices:

AI-Powered Personalization: Delivering tailored financial insights and automating portfolio management for superior client experiences.
Generative AI for Advisory & Support: Proactively surfacing growth opportunities and providing intelligent client support.
Predictive Analytics for Growth: Identifying high-value clients and optimizing pricing strategies.
Operational AI for Cost Savings: Cutting costs by 25% or more through automation and smart workflows.

In 2025, success means retaining more clients, maximizing revenue per user, and leveraging AI to make smarter, faster decisions. By embracing seamless integrations, automation, and AI-driven insights, wealth management firms can ensure they're leading the industry, not just keeping up. Now is the time to invest in the future and unlock new opportunities for growth.

BOB CURTIS

Founder, president and CEO of PIEtech, Inc.; and designer of MoneyGuidePro

Too often, advisors put all their effort into growth and not enough into protecting against losses, particularly from inheritance.

> “In the market right now, I see three sources of organic asset growth: Core clients making new contributions, the addition of new core clients, and the development of NextGen clients.”

In the market right now, I see three sources of organic asset growth: Core clients making new contributions, the addition of new core clients, and the development of NextGen clients.

Unfortunately, our industry also has three competing causes of organic asset losses: Core clients leaving a practice, core clients in a decumulation phase, and the inevitable passing of core clients, resulting in inheritance losses.

That's why, from my perspective, 2025 is the year of home ownership planning.

Young people want to know when they can buy their first house. No one can tell them. According to studies, 72% of people who wanted to buy a house in 2024 couldn't, while 50% of people in their current house feel "stuck."

These housing issues are adversely affecting your clients' lives today, either directly or through their kids and grandkids. Unfortunately, up until now, there's been little you could do to help them.

Since my expertise has been creating financial planning software, I'm always looking for new problems that goal planning can solve. I believe I've found a big one.

There is no planning software to help people plan for buying, financing, and managing a house. There is nothing in the CFP curriculum that teaches advisors how to help.

Essentially, the biggest asset most families own for most of their lives is ignored. Even worse, it's the asset that most affects their life satisfaction.

This is a problem I can solve and with it, provide advisors with a way to obtain organic growth. That's why I'll be announcing my home ownership planning software.

Advisors that can provide this service will be able to add value for core clients, attract new core client prospects, engage that NextGen client prospect, and protect against inheritance loss.

My goal is for advisors to become the “HomeHero” for the extended family – guiding each person along their home ownership journey, whether it's buying their first home or next home, upsizing or downsizing – right through to a stress-free mortgage approval and closing.

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Ring in the new year with consulting services and white papers from the fintech authorities!

Did you know that T3's co-founder and conference producer Joel P. Bruckenstein, CFP® and hand-selected strategic partners offer a variety of services to assist financial services and fintech companies reach more advisors? Joel and his team also produce content that helps RIAs select, implement, and maximize the investment of their technology solutions.

Services for RIAs include:

- Technology evaluations onsite and virtually
- Core technology selection for key business functions, such as CRM, financial planning, investment platforms, performance reporting, and specialty planning applications
- Designing and managing projects to create data lakes and data warehouses
- Management of implementation projects to implement core, specialty, and data technologies

Services for national RIA networks, custodians, broker/dealers, OSJ's and insurance companies, include:

- Overall technology strategy and software selection
- Vendor selection
- Product positioning
- Training and presentations
- White papers and special reports

Services for fintech companies include:

- Product positioning
- White papers and special reports

Technology Tools for Today

Contact Joel to discuss your needs and interests:
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