

## Wirehouse Wealth Management Firms Struggle to Keep Advisors Satisfied through Pandemic and Beyond, J.D. Power Finds

### Edward Jones, Commonwealth Rank Highest in Satisfaction in Respective Segments

**TROY, Mich.: 7 July 2021** — Despite the massive, industry-wide disruption caused by the COVID-19 pandemic, booming financial markets and significant gains in production have boosted overall financial advisor satisfaction this year. But not all advisors are feeling the warm glow of support from their firm. According to the J.D. Power 2021 U.S. Financial Advisor Satisfaction Study,<sup>SM</sup> released today, advisors working for wirehouse firms<sup>1</sup> generally indicate having significantly lower levels of support from their firm, greater disruption of business services and more difficulty transitioning to remote work than do those advisors working for non-wirehouse and independent advisory firms.

“Advisor satisfaction is directly linked to retention and brand advocacy, so firms that want to get the most out of their advisors need to invest in providing them with the best tools and support to do their jobs effectively under all circumstances,” said **Mike Foy, senior director of wealth and lending intelligence at J.D. Power**. “This year has been especially challenging, and this study identifies some firms that clearly did a better job than others in meeting those challenges.”

Following are some key findings of the 2021 study:

- **Wirehouses fall short of advisor expectations:** Despite payout rates and branding campaigns that suggest higher levels of support for advisors, wirehouse firms have fallen short of advisor expectations during the pandemic, with 34% of wirehouse advisors reporting reduced levels of support from the home office and 29% citing disruption of business services. In both cases, wirehouse advisors have experienced negative effects from the pandemic at approximately double the rate of non-wirehouse and independent advisors. Wirehouse advisors also cite higher levels of difficulty transitioning to remote work. Morgan Stanley is an exception as the only wirehouse that significantly improves from 2020.
- **Dissatisfied advisors more than three times as likely to switch firms:** Tracking firm-level advisor satisfaction scores from 2018 through 2021, J.D. Power finds that 18% of advisors working for firms with the lowest overall advisor satisfaction scores ended up switching firms during that period. That compares with a switch rate of just 5% among the firms with the highest overall advisor satisfaction scores. The average annual production of defecting advisors is nearly \$800,000 per year, and 63% of investors indicate they would likely leave their firm to follow their advisor if he/she left the firm.<sup>2</sup>
- **Advisor satisfaction strongly linked to Net Promoter Score® (NPS)<sup>3</sup>:** Across all advisor segments, satisfaction is strongly linked to advocacy as well as retention. Among the nearly one-third (32%) of advisors whose satisfaction is above 900 (on a 1,000-point scale), nearly all will promote their firm (NPS=97). Just 2% say they plan to leave their firm.

<sup>1</sup> Merrill, Morgan Stanley, UBS and Wells Fargo Advisors

<sup>2</sup> Data is from J.D. Power 2021 U.S. Full-Service Investor Satisfaction Study<sup>SM</sup>

<sup>3</sup> Net Promoter,® Net Promoter System,® Net Promoter Score,® NPS,® and the NPS-related emoticons are registered trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc.

- **Technology and operations support are common pain points for dissatisfied advisors:** Among advisors who provide the lowest NPS scores, the most significant pain points are technology and operations support. Just 35% of these dissatisfied advisors say their firm's technology offerings have improved in the past year and just 12% have had problem-free experiences with their firm during the past year.

## Study Rankings

Among employee advisors, **Edward Jones** ranks highest in overall satisfaction with a score of 890. **Raymond James & Associates** (864) ranks second and **Stifel** (857) ranks third.

Among independent advisors, **Commonwealth** ranks highest in overall satisfaction with a score of 936. **Raymond James Financial Services** (853) ranks second and **Cambridge** (842) ranks third.

The U.S. Financial Advisor Satisfaction Study measures satisfaction among both employee advisors (those who are employed by an investment services firm) and independent advisors (those who are affiliated with a broker-dealer but operate independently) based on six key factors (in alphabetical order): compensation; leadership and culture; operational support; products and marketing; professional development; and technology.

The study is based on responses from 3,029 employee and independent financial advisors and was fielded from January through April 2021.

For more information about the U.S. Financial Advisor Satisfaction Study, visit <https://www.jdpower.com/business/resource/us-financial-advisor-satisfaction-study>.

To view the online press release, please visit <http://www.jdpower.com/pr-id/2021072>.

## About J.D. Power

**J.D. Power** is a global leader in consumer insights, advisory services and data and analytics. A pioneer in the use of big data, artificial intelligence (AI) and algorithmic modeling capabilities to understand consumer behavior, J.D. Power has been delivering incisive industry intelligence on customer interactions with brands and products for more than 50 years. The world's leading businesses across major industries rely on J.D. Power to guide their customer-facing strategies.

J.D. Power has offices in North America, Europe and Asia Pacific. To learn more about the company's business offerings, visit [JDPower.com/business](https://www.jdpower.com/business). The J.D. Power auto shopping tool can be found at [JDPower.com](https://www.jdpower.com).

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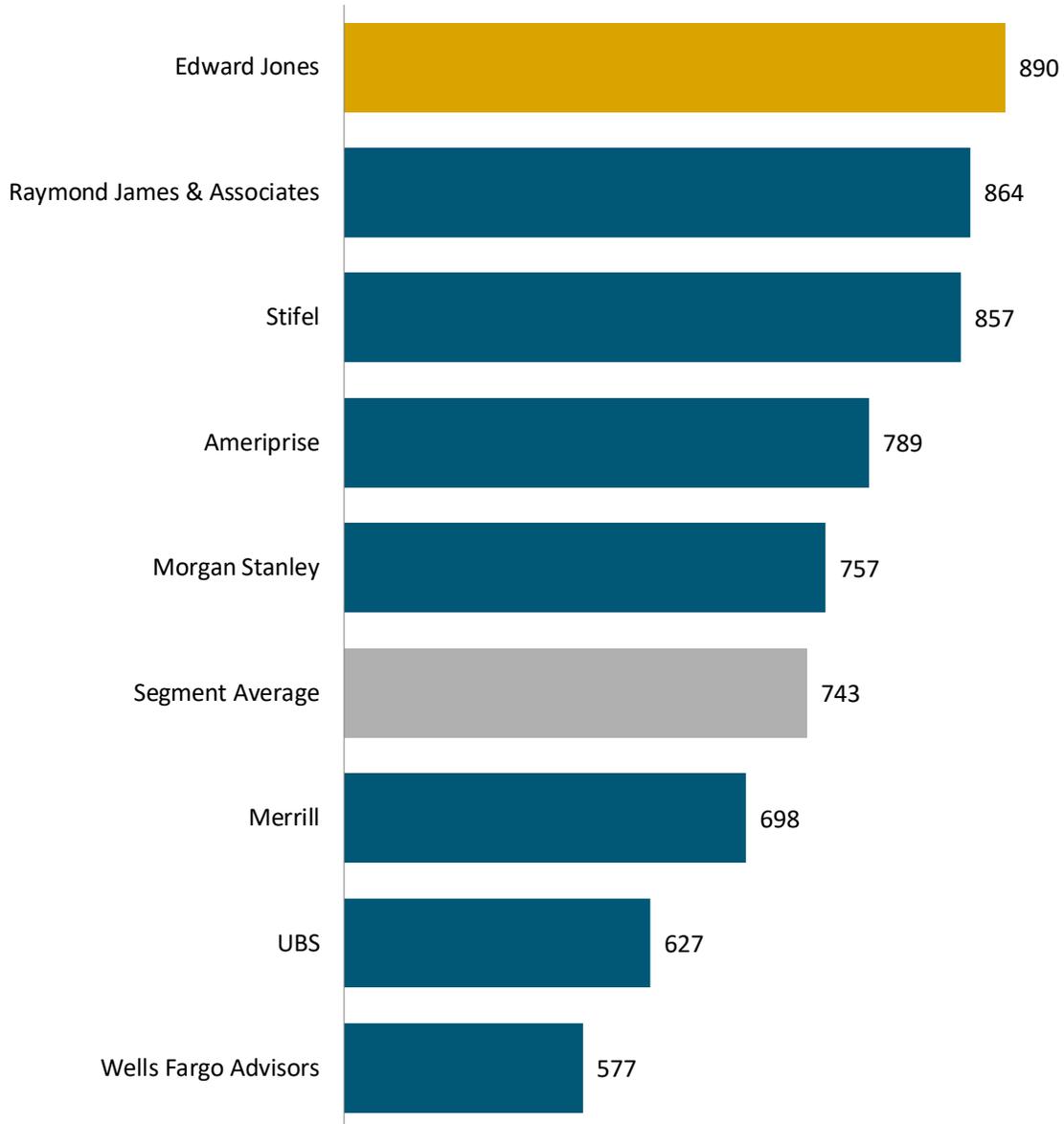
NOTE: Two charts follow.

# J.D. Power 2021 U.S. Financial Advisor Satisfaction Study<sup>SM</sup>

## Overall Advisor Satisfaction Index Ranking

(Based on a 1,000-point scale)

### Employee



Source: J.D. Power 2021 U.S. Financial Advisor Satisfaction Study<sup>SM</sup>

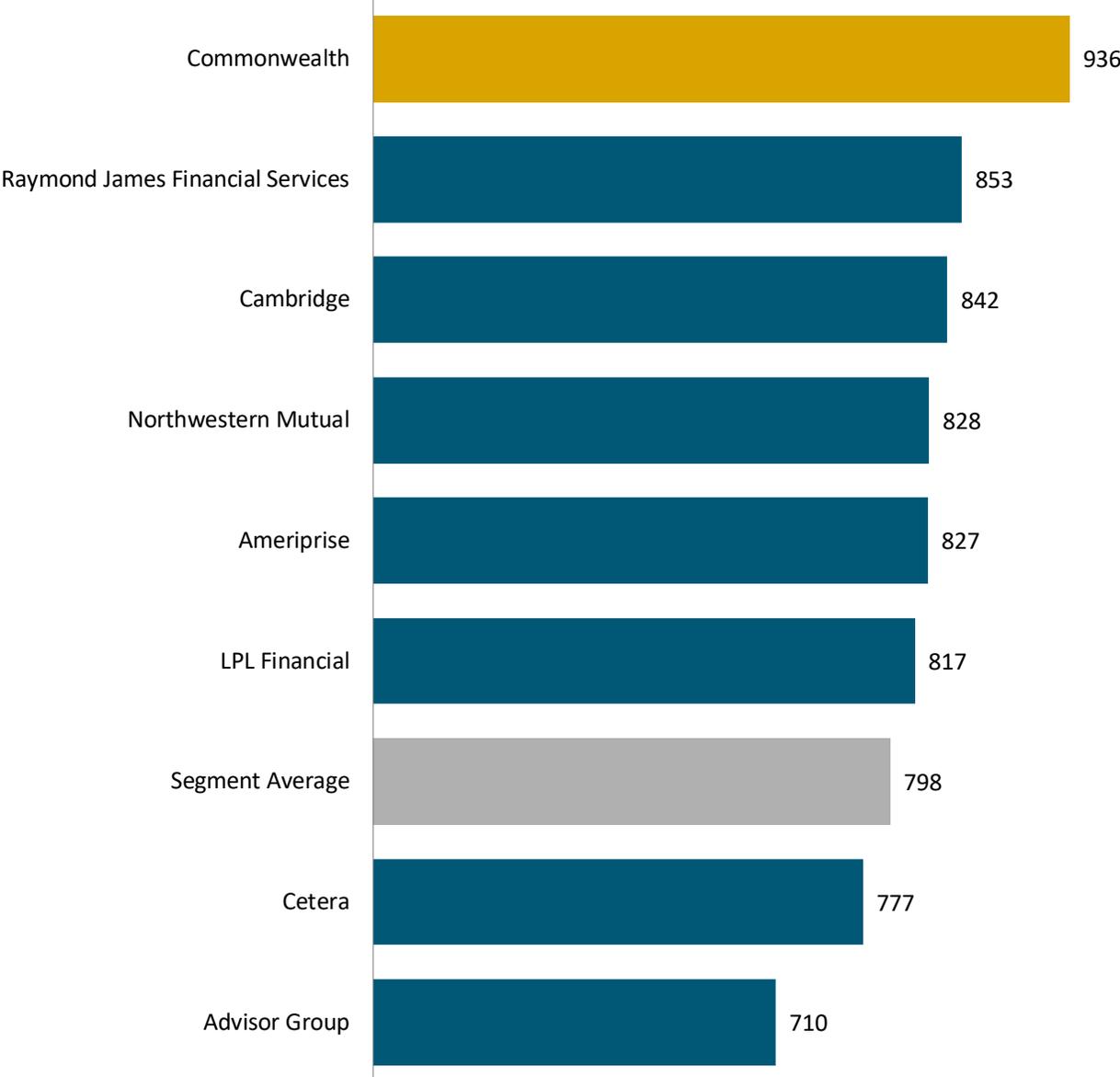
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# J.D. Power 2021 U.S. Financial Advisor Satisfaction Study<sup>SM</sup>

## Overall Advisor Satisfaction Index Ranking

(Based on a 1,000-point scale)

### Independent



Source: J.D. Power 2021 U.S. Financial Advisor Satisfaction Study<sup>SM</sup>

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