osaic
Institutions

Investment Program Blueprint

A comprehensive report detailing best practices for enhancing investment program productivity and improving Financial Professional efficiency within the bank and credit union channel.

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Introduction

Osaic Institutions (OI) is pleased to present the sixth edition of our Investment Program Blueprint. These reports provide valuable insight into non-deposit investment programs (NDIP) in financial institutions (FI) by **highlighting the proven techniques that can promote growth and success**. The following Blueprint was created by analyzing survey data from over 130 bank and credit union investment programs supported by OI. Quantitative survey data was enriched by qualitative input from executives and Financial Professionals in the participating programs.

Thank you to all participants for your time and insights. The Investment Program Blueprint would not be possible without you.

This in-depth study explores key measures of performance and how engaging in industry-leading best practices directly impacts investment program performance and the success of Financial Professionals working in FI-specific programs.

We encourage Program Managers to use this information as a blueprint to formulate plans and execute specific action items to **achieve the highest return and production levels**.

Our goal is to provide you with the **best strategies, products, and services** to help you grow your investment program and serve the needs of your clients, members, and community.

Osaic Institutions looks forward to helping you implement a business plan that leverages the most effective and efficient protocols discussed in this report.

Warmly,

Stephen P. Amarante
Executive Vice President,
Osaic Institutions, Inc.

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Executive summary

The Investment Program Blueprint seeks to provide current and relevant benchmarks for productivity, measured by revenue, assets under administration, structure, and recommended methods common to top performing financial institution-based investment programs.

Investment programs operating at financial institutions, now more than ever, offer a significant way to increase non-interest ("other") fee income that has become critical in today's highly regulated environment. The commitment to this business line within the financial institution space has resulted in the deepening of client relationships, improved household profitability, and enhanced customer loyalty.

In recent years, Osaic Institutions' commitment to the financial institutions space has led us and our partner banks and credit unions to consistent double-digit top-line growth. Our focus on engagement with financial institution executives and support for Financial Professionals has established us as an industry-leading broker-dealer partner. In 2024, our collective businesses experienced a **21% increase** in overall revenue year over year.

As the broker-dealer industry continues to consolidate, it is imperative to work with a partner that is committed to a business model focused on the end-client experience and the Financial Professionals who support those clients. We can achieve this goal by delivering best-in-class service and resources, along with technology solutions designed to enhance the effectiveness of Financial Professionals in the bank and credit union channel.

As financial institutions' net interest margin has compressed over the last few years, we face old challenges that are new again in our space. Today's bank and credit union executives are concerned about losing low-cost deposits and are cautious as investment programs expand. However, the first statistical finding from the Blueprint data demonstrates that an investment program is the best way to grow deposits.

In the banks and credit unions supported by Osaic Institutions, over 47% of the invested dollars come from outside the financial institutions. We have found that investment programs grow deposits over time and strengthen client relationships, which counters disintermediation concerns.

This Blueprint outlines our data-driven methodology and provides very specific calls to action. It emphasizes the value of developing an investment program within the bank or credit union that enhances the overall client experience. The following pages provide tools and resources to help you increase revenue. We hope the insights, graphics, and actionable steps are both enlightening and valuable.

Methodology used to analyze data

Note: We will refer to full-time dedicated representatives of the investment program as Financial Professionals.

The Investment Program Blueprint collected and compared data from **130 financial institutions** and **650 Financial Professionals**. Data from the years 2022, 2023, and July 2023 through June 2024 were used for analysis to highlight year-over-year trends.

Results for Financial Professionals are reported based on average revenue per full-time (dedicated) Financial Professional for the 12-month period of July 2023 through June of 2024. We have categorized Financial Professionals in three categories. Low Performers, Average Performers, and Top Performers. These categories were determined by evaluating the revenue production of full-time financial institution-based professionals and categorizing them based on a normal distribution.

Top Performer
Represents the 75th percentile

Average Performer
Represents the average

Low Performer
Represents the 25th percentile

We received 165 survey responses from Program Managers and Financial Professionals and used these responses along with our entire data set for all investment programs and Financial Professionals supported by Osaic Institutions.

We compared Financial Professional survey responses against revenue production to determine the impact of their responses on their performance. We compared Program Manager survey responses against deposit revenue penetration as a measure of the program's productivity.

In order to compare the production of different sized institutions and to consider like results, financial institutions were separated by peer group. Five distinct peer groups were assigned based upon the size of the institution (as measured by core deposits). Results for financial institutions are reported based on data collected from July 2023 through June 2024. Deposit and non-interest fee income information was obtained from **FDIC.gov**.

Peer Group Category	Core Deposits
Peer Group 1	Institutions of $5 billion or more
Peer Group 2	Institutions $1 – $5 billion
Peer Group 3	Institutions $600 million – $1 billion
Peer Group 4	Institutions $300 – $600 million
Peer Group 5	Institutions under $300 million

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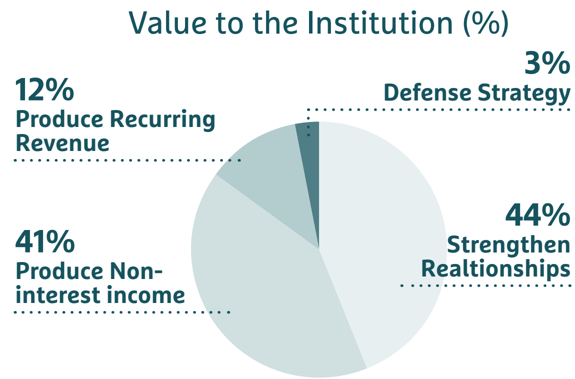
The value of an investment program

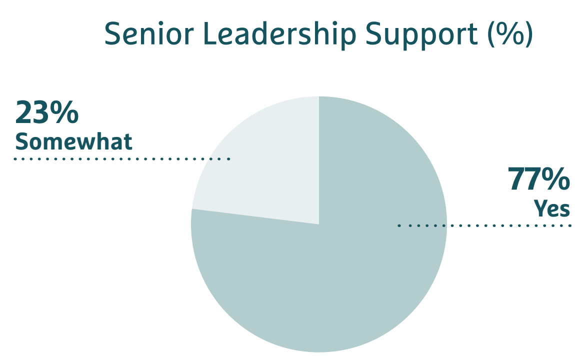
Blueprint survey data examined what features program leadership felt offered the most value to the financial institution, as indicated in the graph to the right.

Here is a quick analysis of how those value propositions ranked:



1. **Strengthens customer relationships:** The responses showed **over 44%** of program executives said that strengthening customer relationships was the most important reason for supporting and maintaining an investment program. This aligns with findings from Kehrer Group's 2021 – 2022 Regional and Community Bank Study, which shows that customer participation in investment programs increases loyalty to financial institutions. These programs help deepen customer ties, enhancing retention and satisfaction.
2. **Produces non-interest income:** As the Consumer Financial Protection Bureau has moved to eliminate many traditional institution fees, investment programs can replace that revenue with other fee income. In addition, advisory fees and trailers create an ongoing and predictive income stream while providing a value-added service that supports clients in building wealth. With a reported narrowing of net interest margins, financial institutions are looking for diversified income streams that aren't reliant on interest rate changes or core lending activities. Therefore, it is not surprising that producing non-interest income was found to be as valuable to financial institutions as strengthening customer relationships. As financial institutions seek to diversify revenue streams, investment offerings provide an income source largely unassociated with factors that typically impact the institutions' overall revenue and profitability.
3. **Provides reoccurring revenue:** While recurring revenue is important, it is not a primary driver behind an institution's decision to offer investment services.
4. **Offers a defensive strategy:** A defensive strategy is no longer a primary driver behind implementing a successful investment program. Today, most financial institutions see offering an investment program as a fundamental requirement for providing comprehensive solutions to support their clients' long-term financial well-being.

When we asked Program Managers whether senior leadership supports their investment programs, the response was a resounding "yes." In fact, **77%** of organizations reported receiving collaborative support from senior leadership. Notably, no program answered "no" to this question.



Attributes and structure of a successful investment program

In this study, we sought to define the attributes of the most successful investment programs so that all programs can consider and then emulate best practices. The following section highlights the essential components that should be considered when structuring an investment program, including branch coverage models, compensation, sales assistant support, licensed banker programs, and client experience. Over the next few pages, we will explore these elements in detail to help you establish the right structure for your specific program.

In reviewing performance data and survey responses, **awareness** emerges as one of the most important factors for top-performing programs. Equally crucial is the ability to hire high-quality Financial Professionals, support their growth within the organization, and retain them as they build their practice. This, in turn, fosters trust within their referral networks and among clients.

Typically, strong awareness and long tenure of Financial Professionals exist when **executive leadership consistently supports** the investment program across the institution. Without this leadership backing, a clear vision for the program's purpose is often lacking, which leads to diminished support from the retail network and, ultimately, a decrease in both the quantity and quality of referrals sent to Financial Professionals.

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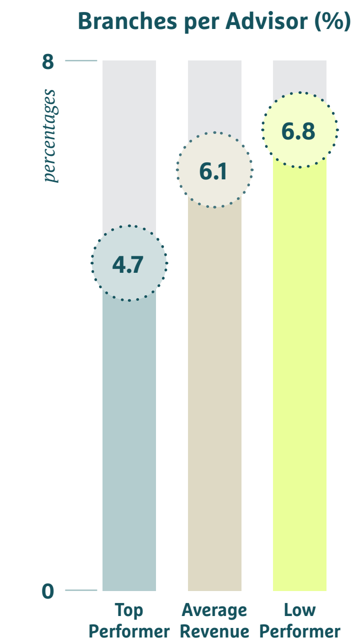
Deposit Revenue Penetration

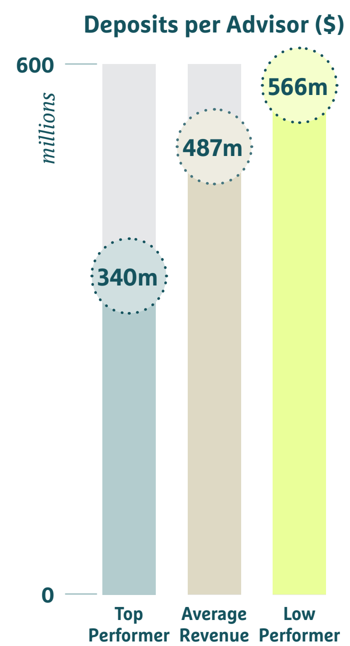
Support from the organization is just the starting point; it's the Financial Professional's responsibility to build strong relationships and earn trust within their referral network. A key metric for success is deposit revenue penetration, which measures how effectively a Financial Professional grows the investment business relative to the deposit size at the branches they cover. Success in this area depends on branch coverage and factors such as the number and location of branches, the types of deposits, and how well the Financial Professional engages with and is supported by the branch team.



Branch Coverage

Branch coverage is critical to a Financial Professional's success. Covering too few branches limits lead generation, while covering too many leads to excessive travel and insufficient interaction with branch staff. Without strong relationships within the referral network, referral quality and quantity suffer, hindering program growth. The graph on the right illustrates this point, showing that the optimal balance of branch coverage drives the most revenue.

Top investment programs support branch engagement, allowing Financial Professionals to generate enough business while covering fewer branches. High-performing producers often choose to step away from retail branches, focusing instead on their own network and forgoing branch referrals. This opens the door for programs to backfill branch coverage with newly hired Financial Professionals. We refer to this approach as the "Second Story" model.



Deposit Coverage

Deposit coverage is another key factor in a Financial Professional's success. The number of retail deposits in the branches they cover reflects the potential for these clients to engage in the investment and insurance business. Our findings in the graph on the right shows that Financial Professionals often generate more revenue with fewer branches and lower deposit volumes.

Therefore, based on the data, we can safely say less is more when considering the number of branches and deposits covered.

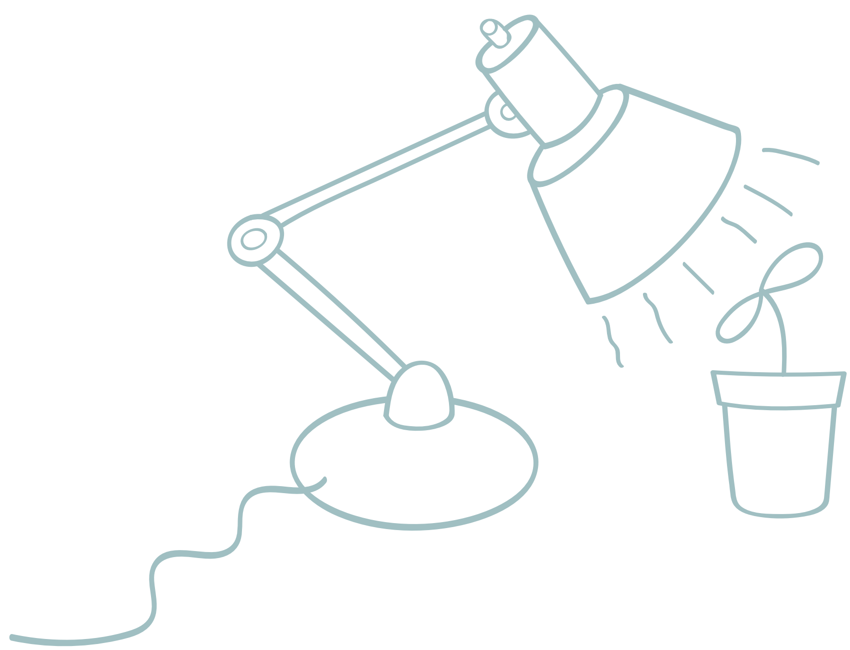
Recommended Branch and Deposit Coverage: Osaic Institutions recommends programs target five branches or less per Financial Professional for coverage. This allows them, at a minimum, to spend one day per week in each branch. We recommend targeting between **$350 – $500 million** in deposit coverage.

The type of deposits, client demographics, and referral culture will also weigh heavily on the Financial Professional's ability to drive growth from the branch network. One size does not fit all, and branch coverage and territory structure have many factors. Therefore, we strongly suggest you collaborate with an Osaic Institutions Relationship Manager to determine the best approach.

53% Percentage of Program Managers that indicated they have set expectations of the Financial Professional's branch engagement.

Some of the branch engagement activities that Program Managers expect of their Financial Professionals include:

- Office hours and call back timing
- Scheduled and consistent branch hours
- Minimum number of weekly appointments
- Trainings to include branch huddles, lunch and learns, and morning meetings
- Client outreach events, such as seminars



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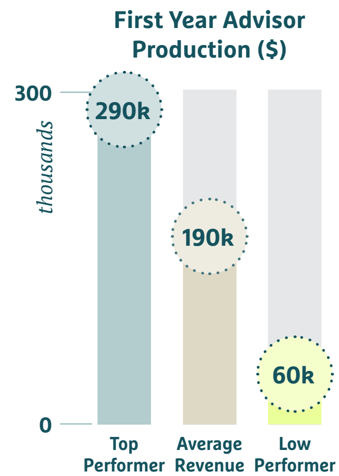
Recruiting

Recruiting has been a key driver of growth for programs over the last five years. We frequently discuss with program executives the concept of "right-sizing" the program — adding the appropriate number of Financial Professionals based on their ability to generate new business from the branches. In this study, first-year Financial Professionals (those who completed their first full year with Osaic Institutions) produced, on average, **$190,000**, a strong indicator of profitability. Our findings show that Financial Professionals who generate over **$120,000** annually, typically cover their costs. (This breakeven assumes a **$72,000** annual draw, **25%** for benefits and taxes, and **$30,000** for start up and operating costs.



77% Percentage of Program Managers responded they would be willing to add Financial Professionals to their team this year.

Attributes that the OI Recruiting team looks for when recruiting new Financial Professionals include:

Level of Experience

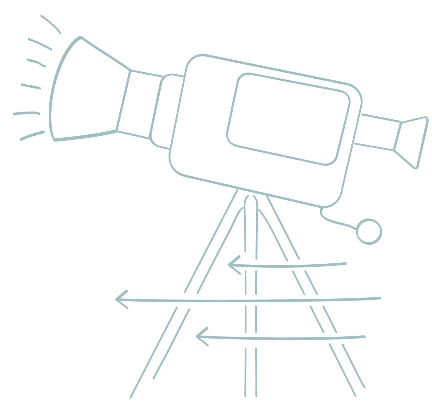
How long have they been a Financial Professional, and do they have prior experience working with a financial institution?

Production Track Record

Have they demonstrated consistent productivity in previous roles? Key metrics include revenue generated, assets gathered, and other performance indicators.

Personality

Do they possess the right traits or intangible qualities that align with the culture of the institution?

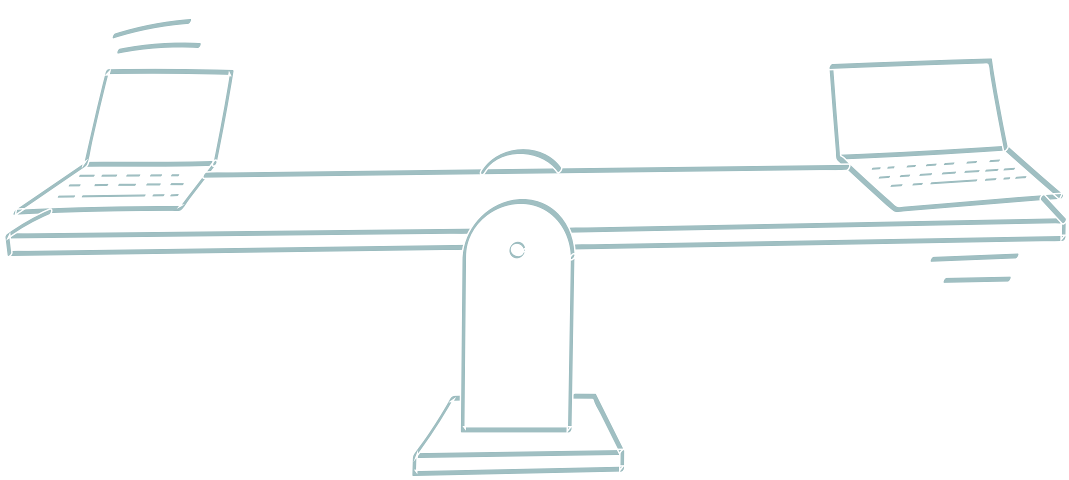


Licensed Banker Employee (LBE) and Associate Advisor programs

These programs have evolved over time, becoming less common in recent years due to regulatory changes, particularly the Best Interest rules. In the past, however, banks and credit unions often had fully licensed bankers who could offer all products. Some institutions had only LBE or Registered Banker Programs (RBE). Today, to avoid conflicts of interest while still providing coverage when a dedicated advisor is unavailable, many programs have adopted “Referral Only” models. These programs allow bank employees to hold licenses and assist in the sales process, without directly competing for the sale. This structure enables licensed bankers to share in compensation, without creating a conflict with dedicated Financial Professionals. Often, the compensation for LBEs sales is adjusted to ensure fairness and reduce sales costs.

The key takeaway is that the industry adapts. We recommend working with Osaic Institutions’ Relationship Management team to determine if this model is right for your program. Overall, licensed banker programs help attract talent, improve retention, provide earning opportunities, and create career paths within the bank or credit union.

- **Building the Bench —** While most programs in the industry don’t offer a Licensed Banker or Associate Advisor Program, **46%** of participants in this study responded that they currently do. In addition, **23%** answered that they don’t have an LBE or Associate program but would be interested in starting one. It is helpful to note that many of the most successful Financial Professionals in this study transitioned from a bank or credit union role to an investment-producing role early in their career.
- **A Focus on Service —** When asked why programs would be interested in starting an LBE or Associate Advisor program, the top reasons related to service. Participants felt that “Financial Professionals’ books had become too large” or that “backup for existing Financial Professionals” was necessary.



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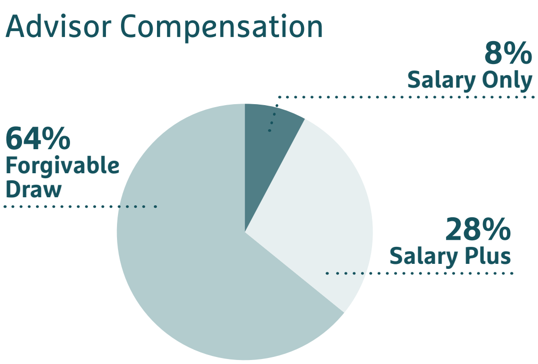
Compensation

A well-thought-out compensation plan is one of the most critical components of attracting and maintaining Financial Professionals. Plans must reward high producers while penalizing low producers so they can “self-select” out of the program if they cannot produce.

There are many ways to approach compensation, but this study concludes that **a forgivable draw vs. commission** instead of a salary only approach is the most effective and widely used. It provides the components needed from a human resources perspective and the minimums required by states. Of course, we always suggest checking with your local legal team to ensure your plans meet all requirements.

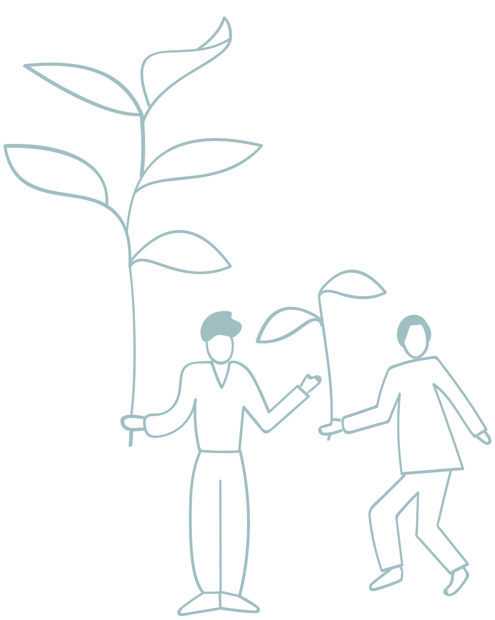


We also recommend using a **tiered annual rolling grid** as the foundation for a compensation plan. Tiered grids, based on the previous 12 months of production, are typically well accepted and provide a clear, performance-based structure.

If you are an Osaic Institutions Program Manager and you’d like a comprehensive review of your current compensation plan, please contact your Relationship Manager for expert guidance.

Financial Professional Compensation: Most investment programs utilize a **Forgivable Draw offset by Commissions** model or a **Salary Plus Commission** model. Only a small percentage of programs rely on a **Salary-only** approach to compensate Financial Professionals.

Compensation Plan Review: Ensuring that your compensation plan aligns with your organization’s goals is essential. A well-crafted plan not only drives performance and aligns incentives but also enhances Financial Professional retention and contributes to the bank’s or credit union’s net profitability.



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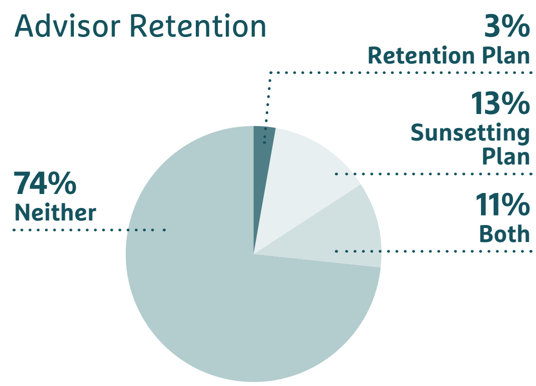
Retention

Retaining talented Financial Professionals is becoming increasingly challenging in today's competitive market. Additionally, the average age of Financial Professionals continues to rise, with many nearing or already at retirement age. Without a defined strategy to retain top advisors, we create a greater risk of outside recruiters targeting your team, enticing them to go independent.



- A **retention plan** incentivizes a Financial Professional to stay with the program by offering incentives typically tied to a vesting schedule.
- A **sunsetting plan** incentivizes a Financial Professional to take an active approach in transitioning the business upon retirement.

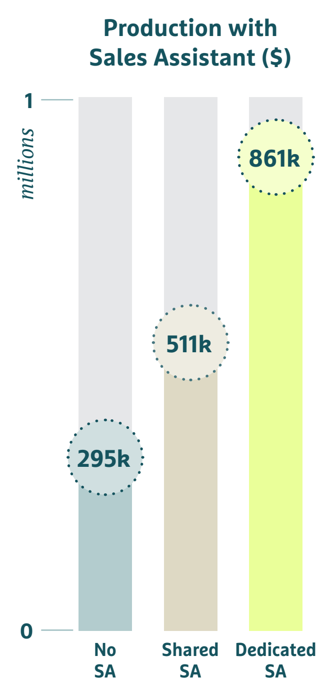
As illustrated in the chart above, retention is a critical element of a successful program. However, many programs lack effective strategies to address attrition, presenting an opportunity to collaborate with OI and Relationship Management to address this issue.

Even though many Financial Professionals are nearing retirement or plan to retire within the next 10 years, only **26%** of respondents to our Program Manager survey reported having a retention or sunsetting plan in place for Financial Professionals at their institution. The average age of a Financial Professional at Osaic institutions is 51 years old. This is an ongoing concern that we must collectively address to ensure the long-term success and stability of our investment programs.

Sales Assistants

Sales assistants play a crucial role in supporting Financial Professionals and their teams. By handling many essential tasks, they enable Financial Professionals to focus on delivering high-quality service to clients and driving business growth.

To highlight the impact of having a sales assistant, we compared different team structures. The data reveals that Financial Professionals with access to a shared sales assistant outproduce their peers without an assistant by over **$200,000**. Additionally, those with a dedicated sales assistant generate nearly three times the production as compared to Financial Professionals who do not have an assistant. This demonstrates the significant value that sales assistants bring to the success and productivity of financial teams.



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Ranking the Responsibilities of Sales Assistant

1. Service-related needs
2. Paperwork, new account opening, with limited client communication
3. Calendar management, scheduling
4. Client communications, birthday cards, check-up reminders
5. Referral management
6. Referral training
7. Prospecting and marketing

Many Financial Professionals and programs face challenges when deciding the right time to hire a sales assistant. While there is no one-size-fits-all answer, we recommend considering a few key factors to help guide the decision. These include current production levels, the number of clients or households being serviced, future production potential with the support of a sales assistant, and other relevant metrics.

For Financial Professionals who are producing above average and have the potential to exceed $500,000 in production, hiring a shared sales assistant may be a sensible step. For those with a proven track record of consistent growth and the potential to reach even higher production levels, a dedicated assistant could provide significant benefits.

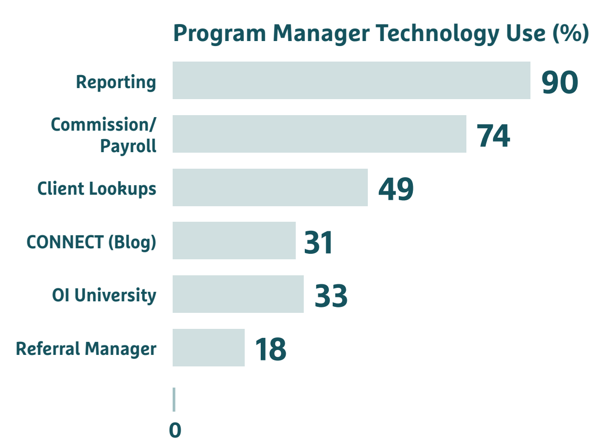
We encourage you to work with your Relationship Manager to conduct a profitability and breakeven analysis to determine the best approach for your situation.

When hiring a sales assistant, several key factors should be considered, starting with experience level. Ideally, candidates with prior experience supporting Financial Professionals tend to be more productive, as they require less upfront training and development. While they may command a slightly higher salary, the increased productivity often justifies the investment.

Another important consideration is registration status. Registered sales assistants can perform additional service tasks for clients or manage smaller accounts, providing greater value to the program. However, it's important to note that hiring a registered sales assistant may come with added expenses. Balancing these costs against the potential benefits is crucial when making this decision.

Technology Utilization

Program Managers leverage the Osaic Institutions' platform in various ways, with the chart to the right showcasing the most commonly used functions. We're pleased to report that **76%** of Program Managers surveyed access Infinet on a daily basis. Furthermore, among the three-quarters of managers who use Infinet daily, we observed a **16%** increase in production when adjusted for bank or credit union size. This underscores the platform's positive impact on productivity.



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Client Experience

We are currently in one of the most competitive environments in recent history, making it more important than ever to prioritize the client experience. In this context, the adoption of our proprietary client-facing portal is crucial, yet only **45%** of programs and Financial Professionals have fully embraced this tool. One of the portal's most powerful features is its ability to aggregate all client data and accounts, presenting them in a single, concise web page for easy access and management.

If you'd like to learn more about how this feature can enhance your client service, please reach out to your Relationship Manager.

Business Planning and Goal Setting

Business planning and goal setting is essential for both Financial Professionals and the investment programs they support. We recommend that Financial Professionals collaborate closely with their program executives at the bank or credit union to set goals and track progress throughout the year.

Unsurprisingly, **91%** of Financial Professionals surveyed either create their own business plan or work alongside their financial institution in the planning process. Interestingly, those who coordinated their business plans with their financial institution generated, on average, **$126,895** more in revenue than those who did not. We believe this revenue increase stems from the alignment between the institution's goals and the open lines of communication between Financial Professionals and key stakeholders at the bank or credit union.

Furthermore, when comparing Financial Professionals with a formal business planning process to those without, we found a negligible difference in performance. This indicates that the key driver of revenue growth is not merely having a business plan, but rather coordinating that plan with the institution to ensure alignment and foster collaboration.

Revenue Goals: Setting clear revenue goals is essential, both for the program as a whole and for each Financial Professional on the team. Survey data shows that **94%** of programs set clearly defined revenue goals for their Financial Professionals.

What's particularly interesting — though not surprising — is the difference in performance between programs that set revenue goals and those that did not. **Programs without defined revenue goals had a deposit revenue penetration of $718, which is below average. In contrast, programs that set revenue goals saw a deposit revenue penetration of $1,183, placing them among the top performers.** This highlights the significant impact that setting clear, measurable goals can have on revenue growth and overall program success.

In conclusion, we hope this discussion and the accompanying data on the 12 key attributes of the most successful investment programs have been valuable. While it may not be feasible to quickly adopt all these attributes and their nuances, we trust the insights shared will serve as a helpful foundation for future conversations. By personalizing and implementing these suggestions in a flexible, methodical manner, you can achieve the most impactful results. Osaic Institutions is here to support you every step of the way.

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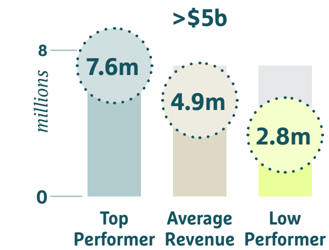
Investment program revenue analysis

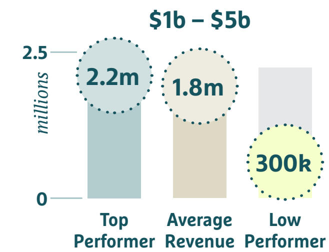
Segmenting financial institutions by peer group is crucial when assessing investment program revenue. This involves comparing institutions of similar size based on total deposits. Osaic Institutions supports bank and credit union partners ranging from single-branch operations with **$250 million** in deposits to multi-state institutions with over **$15 billion** in deposits and more than 150 branches. To evaluate revenue production across various institution sizes, we defined high, middle, and low producing programs by revenue in each peer group indicated on the right, representing the 75th, 50th, and 25th percentiles, respectively.

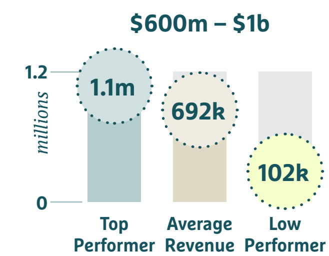
Factors driving high, middle, or low growth potential as it relates to revenue include three main variables:

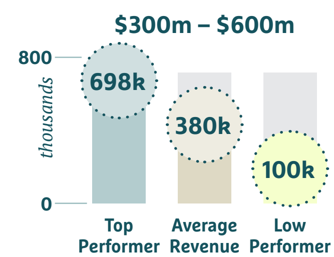
- **Program Coverage:** Program coverage is influenced by the size of the financial institution, among other factors, with the core and retail deposit base typically determining the extent of coverage.
- **Financial Professional Count:** The number of Financial Professionals depends on the program's maturity, its duration, and the total number of branches they serve. Our analysis found that lower-performing programs, regardless of financial institution size, were often "understaffed," meaning Financial Professionals covered too many branches and deposits.
- **Administrative Support:** Higher-performing Financial Professionals and larger teams typically seek administrative support to better service clients and focus on growth. Deciding whether to hire additional support is a critical choice that impacts program profitability, often based on the expected productivity gains of top performers or middle-performing teams. Our analysis shows that top-performing programs almost always include administrative support, middle performers often do, and lower performers rarely do.

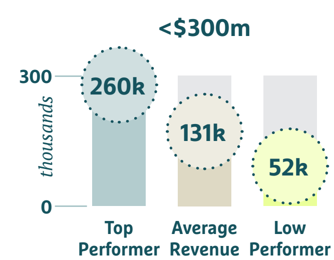
Earlier in this study, we explored the value of administrative support and when it may be necessary to hire. Decisions like adding administrative support or securing other key resources depend on **program management's involvement**. Engaging key executives with the investment program is crucial for revenue growth. It's essential that they not only understand and appreciate the business but also have a clear vision for how an expanded program can drive additional revenue to the institution's bottom line.











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Executive management can contribute by opening additional Financial Professional positions, developing incentive plans to boost both the quantity and quality of referrals, and establishing a strong community brand that fosters client engagement and attracts other successful Financial Professionals to join the team.

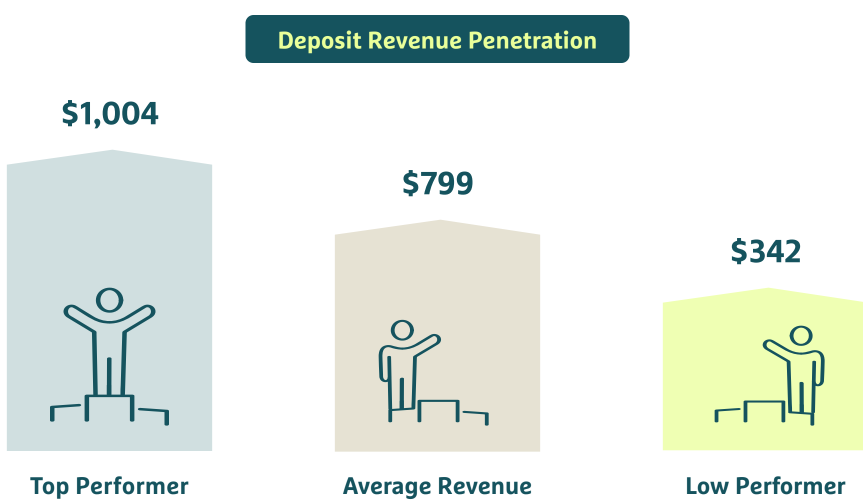
Investment Program Profitability: Investment programs supported by Osaic Institutions should see a return on investment (ROI) of **24%** to **30%** profit on Gross Dealer Concession in a well-run and well-supported program.

Deposit revenue penetration measures how much revenue a program can generate based solely on deposits, regardless of a financial institution's size. It should not be confused with deposit cannibalization. Rather, it serves as a benchmark to estimate revenue potential based on the size of the institution's deposits. This metric is useful for comparing programs across institutions of varying sizes. The calculation determines the revenue generated per $1 million of core or consumer deposits. While both can be used, our example focuses on core deposits, as this was the data point sourced from FDIC.gov.

Calculating Deposit Penetration: We strongly recommend calculating your program's deposit revenue penetration using the method outlined below. This exercise will provide a clear estimate of your program's revenue potential.

- **Step one:** Take your current core deposits ÷ $1,000,000.
- **Step two:** Take your programs trailing 12 Gross Dealer Concession ÷ the quotient in step one.
- **Step three:** The result of step two will give you the deposit penetration number for your program. Use that number and compare it against other Osaic Institutions' programs reviewed in the graph below.

Note: The data and formula provided is based on Osaic Institutions' program data using core deposits. We can also look at the industry-wide data detailed in the dashboard below. Regardless of whether you're using core or consumer deposits, this metric provides a reliable indicator of program potential.



2021 Survey Results*	Bottom Quartile	Mean	Median	Top Quartile
Deposit Revenue Penetration (gross revenue per million of institution's self-reported consumer deposits)	**$1,090**	**$1,651**	**$1,469**	**$2,034**
Deposit Revenue Penetration (gross revenue per million of institution's FDIC reported consumer deposits)	**$495**	**$1,165**	**$786**	**$1,416**

Example: A financial institution with $2 billion in core deposits / $1,000,000 = 2,000 multiplied by $1,004 (a top performing program at Osaic) gives us the revenue potential of $2,008,000. This benchmark offers a useful approach for budgeting. Taking it a step further, you can set revenue goals at the branch level based on each branch's deposit size using the same method.

Growth Potential: When planning for growth at the program level, it's essential to calculate growth potential for the current, upcoming, and future years. Start by analyzing deposit revenue penetration and benchmarking your program against high performers. Using a top-down approach, set a top-line revenue goal and equitably distribute it across branches, as previously outlined. Working toward this goal will help build a more optimized investment program. The potential is limitless — even top performers can exceed benchmarks and continue growing the business.

A look behind the numbers of a top investment program

As soon as you apply measurements and averages, an outlier is often revealed. A prime example is one of Osaic Institutions' top investment program in terms of deposit revenue penetration (not total revenue). This program, with a deposit base of **$1.8 billion** across 27 branches, generates over **$11 million** in revenue from 20 Financial Professionals, reflecting a deposit revenue penetration of **$6,200**.

One of the program's standout features is its **Second Story Model**, which allows top Financial Professionals to graduate from retail branches and build their business solely through referrals from existing clients and centers of influence.

Additionally, recruiting **Hybrid Financial Professionals**, experienced advisors with established client bases, has been a successful strategy. These professionals benefit from the affiliation with the institution; including a strong brand, comprehensive benefits, a collaborative network, and a competitive compensation structure that rivals the independence of building a solo practice.

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* Source: Kehrer/Bielen 2021 – 2022 Regional & Community Bank Study Dashboard.

What makes a successful Financial Professional

Survey and program data show that Financial Professionals who focus on a diverse product mix are the most successful. In this study, success is primarily measured by gross revenue growth. However, a deeper analysis reveals that true success comes from optimizing "wallet share," the portion of a client's investment and insurance business managed by the Financial Professional. A high wallet share means the client entrusts most or all their financial needs to the professional.

The Importance of Wallet Share: Osaic Institutions' program data shows that higher wallet share is linked to key outcomes for the financial institution, including increased client loyalty and greater engagement with additional products and services. We find that Financial Professionals who incorporate financial planning and advisory relationships achieve the highest levels of client wallet share.

In reviewing "What Makes a Successful Financial Professional" within the institution channel, we aimed to identify best practices that all Financial Professionals could apply to their practices. Both qualitative and quantitative data highlighted three critical attributes for success:

A Quantitative Approach: Our analysis of top performers revealed that those who take a quantitative approach to managing their business consistently achieve high production levels and experience steady year-over-year growth. These Financial Professionals analyze their business, set goals, and track their outcomes. Financial Professionals who think this way have the drive that it takes to continue to grow each year, not becoming complacent or stagnant in their growth.

Practice Management Experts Who Champion Technology Use: These same Financial Professionals are also practice management experts. They leverage technology to drive positive outcomes; such as advanced CRM systems, financial planning tools for client meetings, and a structured approach to client service. By meticulously preparing for client meetings, delivering value in every interaction, and designing a seamless customer service model, they foster high levels of client satisfaction. This focus helps ensure a compliant business while minimizing the risk of customer complaints and negative outcomes.

Communication Skills: Another key factor driving strong Financial Professional success is their communication skills. At the heart of their business is the ability to communicate effectively with clients. This includes translating complex topics into simple explanations, establishing a regular schedule for client outreach to ensure they never feel forgotten, and setting clear expectations while providing timely updates as services are carried out.

While knowledge and experience, often tied to a Financial Professional's tenure, are important, what appears to matter most is a consistent track record of demonstrating the characteristics mentioned above, along with a strong desire to learn and improve. When evaluating existing Financial Professionals or recruiting new team members, we prioritize individuals who focus on continuous learning and personal and business development, rather than those with simply more years in the industry.

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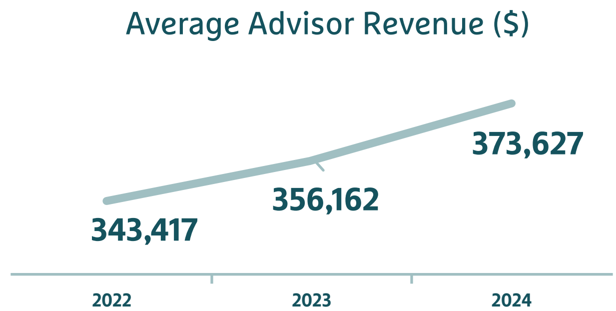
Measuring Financial Professional Success

Financial Professional Revenue: Revenue is a key metric for assessing how well a Financial Professional manages their book of business and how successful they are. Our analysis of Osaic Institutions' full-time Financial Professionals shows an average production of **$373,627**. This is slightly higher than the average revenue for Financial Professionals in the institution channel, based on data from other industry studies.



Regardless of where a Financial Professional is on their business journey, it's crucial to establish clear revenue goals each year. One effective way to set these goals is by benchmarking production against peers.

We encourage Osaic Institutions' Financial Professionals to use our Business Snapshot tool to compare their performance to their peer group. The Business Snapshot is available on Infinet.

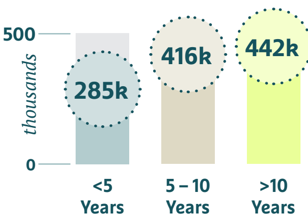
Our analysis shows that revenue from top and average performers has steadily increased over the past three years, with Osaic Institutions' best producers setting new records each year. In contrast, the bottom quartile of advisors (low performers) has remained flat, averaging around **$115,000**. This stagnant figure likely reflects turnover within this group or a missed opportunity to provide the necessary support to help them reach a profitable level. Notably, this group's average revenue is below the breakeven point of approximately **$120,000**.

Note: As previously stated, Osaic Institutions' Financial Professionals who produce **over $120,000** annually cover their costs. (This breakeven assumes a **$72,000** annual draw, **25%** for benefits and **$30,000** for start up and operating costs.)

Average Financial Professional revenue has increased over the last three years by roughly **5%** annually. As we review recent developments in the industry, two factors stand out. First, high interest rates and strong equity markets have supported equity, annuity, and insurance product sales. Second, high retention rates of Financial Professionals within our programs have allowed them to drive recurring revenue and deepen relationships with clients and their referral network.

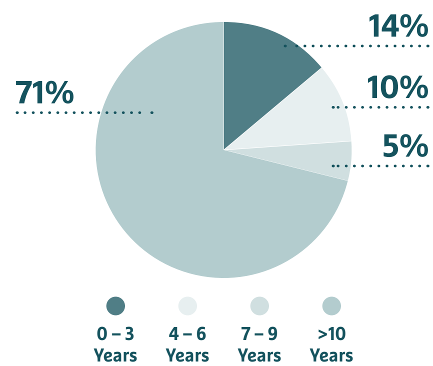
Production based on Financial Professional tenure is a key factor in achieving consistent high levels of performance. Our analysis shows that Financial Professionals with more than five years at Osaic Institutions are significantly more productive than those with less than five years. We're proud of our strong track record in hiring and retaining top talent, with the average tenure for all full-time Financial Professionals at Osaic Institutions being 8.8 years.

Production Based on Tenure ($)



Experience plays a critical role in building confidence within a Financial Professional's referral network and in crafting effective client recommendations. Most Financial Professionals at Osaic Institutions have over 10 years of industry experience. Osaic Institutions' recruiters prioritize candidates with a proven track record of success, a solid tenure in the business, and a strong compliance history.

Advisor Experience (%)



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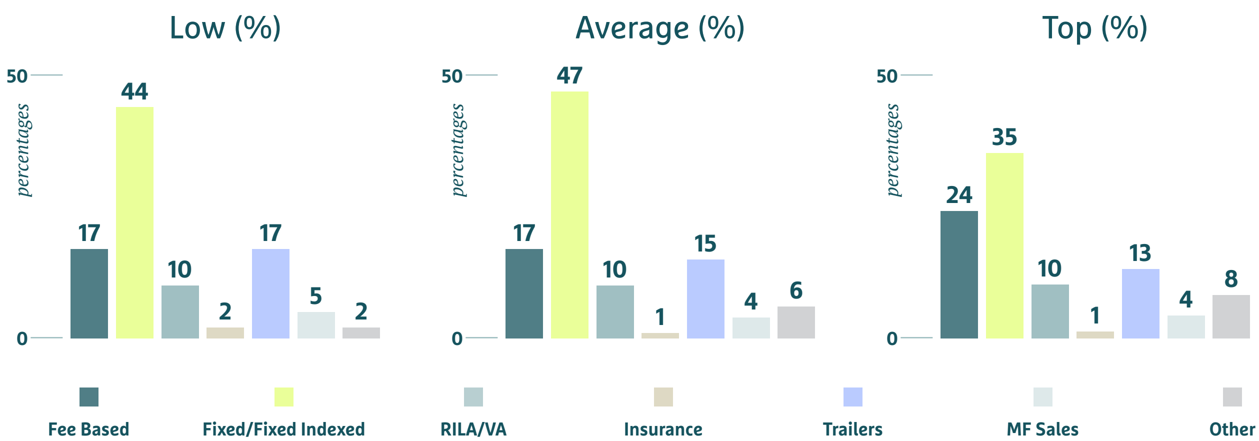
Product mix

The chart below compares the average product mix across Low Performers, Average Performers, and Top Performers. Notably, the difference between Low and Average performers is minimal. However, the gap between Average and Top performers is more pronounced, particularly in fee-based business. Top performers have a **7%** higher volume of advisory business over the average performer. This suggests that focusing on advisory services can be a key differentiator in driving higher productivity and success.



A review of our top 100 Financial Professionals reveals a clear correlation between higher fee-based revenue and top rankings.

Product Trends: Although products are cyclical depending on market conditions, the overall mix of products hasn't changed dramatically over the last three years.

Fixed Annuity Sales: The rising interest rate environment that began in 2020 has contributed to strong sales in Fixed Annuities over the past three years, making them the most popular product type in this category, surpassing Fixed Indexed Annuities (FIAs) and Variable Annuities (VAs). Fixed Annuities have long been a popular choice within financial institution programs, largely due to their alignment with "safe money" alternatives like CDs. As rates potentially begin to decline and equity markets remain strong, we may see a shift toward Annuity products that offer both market participation and protection features, such as Fixed Indexed Annuities (FIAs), Registered Index Linked Annuities (RILAs), and Variable Annuities (VAs). While there has been growing industry discussion around "Advisory Annuities," our analysis indicates that this product has not yet gained significant traction within our channel.

Mutual Fund Sales: Over the past decade, A and C share mutual fund sales have declined, while advisory offerings have increased. Advisory solutions offer clients transparent fees, automatic rebalancing, and stronger advisor engagement, making them a more attractive choice for long-term investing.

Advisory Sales: Financial Professionals have doubled their advisory assets over the past three years, from 2021 to 2024. While strong equity markets have contributed to growth, data shows that the majority of this increase comes from new advisory business with new clients, as well as additions to existing client accounts.

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Product Mix in Financial Institutions: Incorporating advisory products and services alongside financial planning is crucial for building sustainable, recurring revenue streams. However, each financial institution and investment program has a unique culture, which may make certain Osaic Institutions products more suitable for clients than others.

Leveraging Technology: When reviewing efficiencies tied to overall technology adoption, we uncovered some intriguing insights. Our survey revealed that only **30%** of Financial Professionals regularly use financial planning software with clients. Notably, advisors using such software had an average production of **$693,085** — nearly double the revenue of the average advisor. While it was no surprise that MoneyGuidePro was the top choice among Financial Professionals, we were interested to see the variety of tools being used. After MoneyGuidePro, the most popular solutions in order of usage were Nitrogen, Asset-Map, RightCapital, and eMoney.

Segmentation with Osaic Institutions' Segmentation Worksheet and Client Central CRM remains a key opportunity for Financial Professionals seeking to transition to advisory while also leveraging technology to maximize efficiencies, ensure compliance, and uncover new opportunities.

Transition to Advisory: While most Financial Professionals have already integrated some form of advisory business, we wanted to gauge how many plan to focus on this as a key initiative in 2025. The results show that **52%** of survey respondents intend to shift their product mix toward a more recurring revenue model. In contrast, only **12%** do not plan to make this shift. Of the Financial Professionals surveyed, **37%** reported not using the Wealth Management Portal (WMP) for their advisory business.

Top performer advisors consistently generated more recurring revenue from advisory fees, fund trailers, annuities, and sales within their books of business than lower performers. They also conducted more business on the Pershing platform, consolidating advisory, brokerage, and mutual fund products in one place rather than outsourcing to multiple firms.

For new business, most Financial Professionals have moved away from mutual fund direct transactions and now conduct this business on the Pershing platform. Our survey found that **73%** are also likely to transition assets held at other firms to Pershing, many indicating that they believe using the Pershing platform significantly enhances operational efficiency.

Inside vs. Outside Money: "Inside versus outside money" refers to the proportion of a financial professional's new sales coming from within their institution (inside money) versus outside (outside money). Survey participants indicated that **47%** of new sales in investment programs came from outside the financial institution. Notably, for above-average performing Financial Professionals (those with revenue above **$373,627**), this figure was slightly higher at **53%**. This suggests that, regardless of a Financial Professional's production level, new sales typically come from a balanced mix of assets both within and outside the institution.

Osaic Institutions DirectChoice program offers a no cost mutual fund platform to conduct mutual fund transactions within a brokerage account at Pershing, with no additional fees. This pricing is comparable to that of direct mutual fund platforms. Financial Professionals can choose from hundreds of funds across 17 leading mutual fund companies. Of the Financial Professionals surveyed, **92%** reported being unfamiliar with this offering. We encourage OI Financial Professionals to learn more by reaching out to their Relationship Manager.

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Lead generation

Success in lead generation relies on Financial Professionals sourcing referrals from a variety of channels, both within and outside the financial institution. As Financial Professionals grow their business, their sources for generating leads evolve.

Source of Referrals Ranked

1. Branches
2. Existing Clients
3. Prospecting Outside Institution
4. Contact Center
5. Trust Department

51% Percentage of Investment Programs that use "Referrals" as a Key Performance Indicator (KPI) to measure retail.

Source of Referrals: It's no surprise that Financial Professionals surveyed said they receive most of their referrals from branch-generated introductions. Close behind are referrals from existing clients. While referrals from commercial lenders, contact centers, and trust departments are also considered important, they don't carry the same weight as branch and client referrals. Interestingly, the survey data revealed that **47%** of new accounts came from sources outside the branches, likely a mix of referrals from existing clients and proactive prospecting efforts.

Measuring Referrals: The best way to measure referrals from the branch is to determine what percentage are qualified referrals. For this study, qualified referrals are "kept appointments." We find that our survey data showed that an average of **59%** of referrals are qualified. This becomes an important data point in determining if more education or training is needed at a branch staffing level. The higher the percentage, the better the staff is at recognizing true opportunity, whereby the lower the percentage gives us an indication that training sessions and engagement are required.

Referrals from within the institution remain a significant opportunity. At a minimum, branches should generate eight monthly referrals per Financial Professional. Investment programs with the most growth create more than two referrals a week per Financial Professional.

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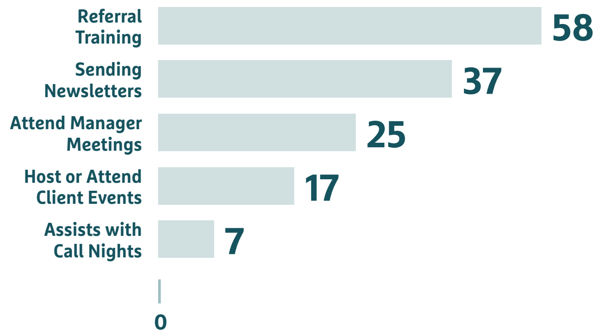
Branch Relationships Development: Building strong relationships within the branches continues to be a crucial foundation for Financial Professionals as they grow their business. According to survey responses, the most common way Financial Professionals engage within branches is through training on referrals.

While call nights were once a popular strategy, they have become less common. Instead, two approaches have emerged as more effective alternatives:

1. **Joint calls with Branch Managers** to review client lists and identify opportunities.

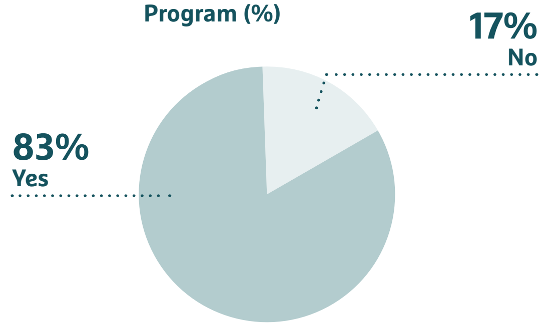
2. **Call center training** to help staff recognize and capitalize on referral opportunities.

Branch Relationship Development (%)



Referral Incentives: Blueprint data reveals that most institutions have an incentive program in place, with the most common reward being a **$25** incentive for a qualified referral. However, when comparing the performance of institutions that offer an incentive with those that do not, the difference in production levels was not statistically significant. This reinforces the idea that, while incentives can help drive certain behaviors, the key drivers of success in referral generation are relationship-building, continuous education, regular feedback, and strong, top-down support from leadership.

Financial Institution Incentive Program (%)



Five Ways to Enhance Referrals

1. Distribute a monthly email to the financial institution to congratulate top performing branches and FPs

2. Provide feedback on all referrals via email

3. Ask financial institution leadership to “spotlight” referrals that result in desired relationships

4. Establish “Team Captains” who can assist the team with referrals when you’re not in the branch

5. Implement a plan to consistently use Osaic Institutions’ Branch Huddle materials and CARE Program referral tips flyers

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Marketing

Program Marketing: As branch traffic continues to decline and valued customers increasingly engage with us digitally or via phone, it's crucial to explore new ways to connect with them through digital channels. This shift is essential for sustaining and promoting the growth of the investment program.

The Blueprint survey assessed how many institutions take a strategic approach to marketing and how many do not view it as a key growth driver. Our findings revealed that most financial institutions — **81%** — rely on their internal marketing departments. Meanwhile, **14%** either engage an external firm or outsource marketing efforts. Very few institutions do not utilize their marketing department in any capacity.

Interestingly, when we adjusted the size of the financial institution, we found that programs leveraging their internal marketing departments saw a **38% increase in revenue compared to those that did not**. Furthermore, programs that have utilized Osaic Institutions Marketing Solutions as a resource experienced a **59%** revenue increase compared to those that don't engage with the broker-dealer marketing team. The data is unmistakable: a well-defined marketing strategy, in collaboration with the financial institution and Osaic Institutions, delivers the best results and drives the strongest outcomes.

Programs that foster collaboration between the institution's marketing department and Osaic Institutions Marketing Solutions experience a **59% increase** in revenue vs. those who do not.

Utilize the Osaic Institutions Data Marketing Opportunities guide to strategize age-based marketing efforts.

Age-Based Marketing: The average age of a bank or credit union customer across all markets was 56 years old. There are many age-based targeting opportunities to market to clients who are nearing, entering, or in retirement. Here are some important age-based marketing topics to consider:

- **30–40**: Protecting your family and planning for the future
- **50–55**: Healthcare cost planning and long-term care review
- **55–60**: Portfolio checkup, volatility, and retirement plan health
- **60–62**: Social security optimization
- **70–73**: Required minimum distribution strategies and estate planning

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Financial Professional Marketing: Survey results highlighted a key finding: while many programs have leveraged broad-based marketing, Financial Professionals' use of direct marketing with clients represents a significant area for growth.

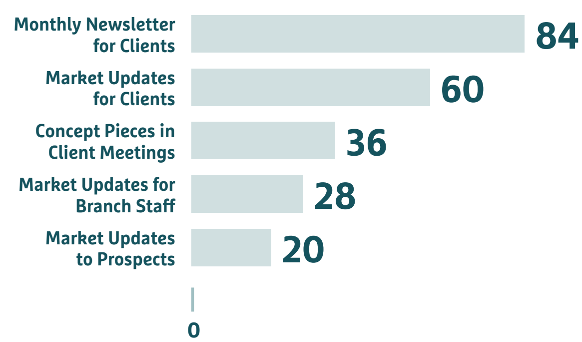
Osaic Institutions offers customizable marketing and communication materials that can be adopted at the program level. Additionally, Financial Professionals have direct access to pre-approved marketing and communication tools to engage clients and prospects more effectively. Those Financial Professionals who have embraced these direct marketing resources, such as AdvisorStream, have experienced an **11%** revenue increase, underscoring the impact of personalized outreach.

44%

Percentage of Financial Professionals surveyed use AdvisorStream. Financial Professionals who use AdvisorStream experience an **11% increase** in revenue versus those who do not.

1. **Timely Content Distribution:** Providing prospects and clients with relevant articles that address their specific situation during or immediately following a meeting. This creates a personalized touch and reinforces key discussion points.
2. **Employee Engagement:** Ensuring that all financial institution employees regularly receive AdvisorStream content to boost their knowledge and awareness of the program. This helps create a more informed team that can better refer prospects.

Advisor Use of AdvisorStream (%)



Watch an AdvisorStream demo on Osaic Institutions University or reach out to your Relationship Manager to learn how to maximize the platform's potential to boost revenue and client engagement.

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Summary insights

The Value of the Investment Program

- **84%** of Program Managers reported that strengthening customer relationships and producing non-interest income are the most important values the investment program delivers to the financial institutions.
- **77%** of Program Managers feel supported by their bank or credit union's Executive Leadership.
- Top-performing programs achieved a deposit penetration revenue of **$1,004 per $1M** in core deposits.

Attributes and Structure of a Successful Program

- On average, Financial Professionals cover **6.1 branches** each. Financial Professionals who cover fewer than five branches tend to outproduce Financial Professionals who cover more.
- Average Financial Professionals cover **$486 million** in core deposits while top performers cover **$340 million** in core deposits.
- Average revenue in the first year for a newly recruited Financial Professional is **$190,052**.
- 6**4%** of programs compensate Financial Professionals as a forgivable draw, and **28%** compensate them via salary plus commission. Only **8%** of those surveyed paid salaries.
- **74%** of programs do not have a retention or sunsetting plan for their Financial Professionals. Yet, this is the biggest gap in retention.
- 7**6%** of Program Managers log into Infinet daily, primarily to run reports.
- Financial Professionals who participate in business planning in collaboration with their institution generated an average **$126,895** more in annual revenue.

What Makes a Successful Financial Professional

- Average Financial Professional productivity is **$373,627**, while the top performers (the 75th percentile or top 25%) generated **$493,890** in revenue.
- Financial Professionals who have established five or more years with Osaic Institutions far surpass the production of Financial Professionals in their first four years.
- There is no significant difference between Financial Professionals with 5 – 10 years of tenure versus those with 10+ years with Osaic Institutions.
- **71%** of Financial Professionals at Osaic Institutions have 10+ years of industry experience.
- The product mix between low, middle, and top producing Financial Professionals was similar. However, top producers conduct **7%** more advisory business.
- **52%** of Financial Professionals plan to shift their business to a recurring revenue business model.
- Only **30%** of Financial Professionals have adopted a formal financial planning tool. Those who have adopted planning software averaged **$693,085** in revenue.
- Financial Professionals with a dedicated sales assistant generate close to three times the revenue compared to those who do not have administrative support.

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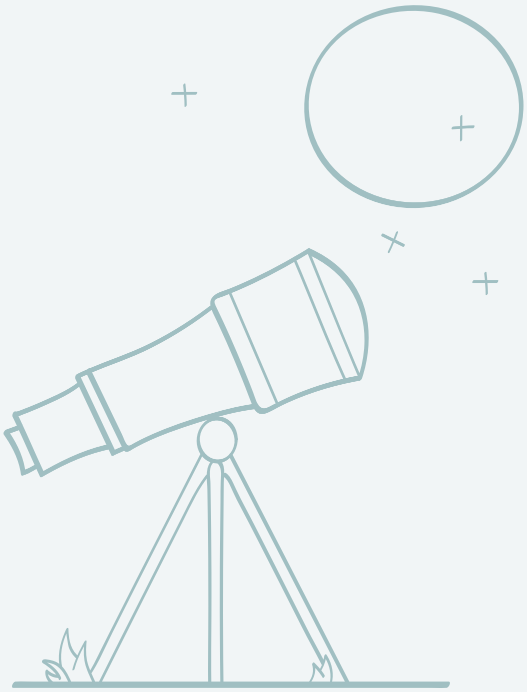
Lead Generation

- **47%** of new business revenue comes from outside the institution.
- **52%** of Financial Professionals visit each branch at least once per week. Only **17%** visit branches on request.

Marketing

- Programs that partner with their institution's marketing teams generate **38%** more revenue than those that do not.
- Programs that partner with the institution's marketing department and use Osaic Institutions Marketing Solutions generate **59%** more revenue than those that do not.
- Only **44%** of Financial Professionals use the AdvisorStream marketing platform. Those who use it experience an **11%** increase in revenue over those who do not.



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Closing comments

In conclusion, an investment program's success depends on various factors, some of which may align well with your institution's strategy while others may not. The key takeaway from this study is to carefully analyze available data and allow it to reveal insights into what is working on a broader scale and potential practices worth considering for adoption.

The industry is on the brink of the largest transfer of generational wealth in history, and investment programs located in trusted local community banks and credit unions will play a significant role in this opportunity. Positioning your investment program now and preparing for this shift is essential for your organization's future success and your clients' benefit. Osaic institutions will continue to deliver valuable, data-driven insights to guide this process, and we will provide revised Blueprint data points for all of 2024.

Throughout this study, we have consistently encouraged you to contact your Relationship Manager. We will also connect with you to ensure a business plan is in place for the year and that it incorporates some of the best practices outlined in this report. During this planning session, we will review several Osaic Institutions reports, such as the Financial Institution Snapshot and Wallet Share report, designed to give you an idea of your program's performance versus that of your peer group. We will also use this meeting to "right size" your program and add Financial Professionals if needed. Lastly, we will ensure the program fully adopts Infinet, our best-in-breed technology platform, and that your team utilizes the system to its fullest capabilities.

During these planning sessions, we recommend the following:

- Review client segmentation and service model
- Discuss program revenue goals along with branch and Financial Professional goals
- Analyze revenue potential and define a three-year growth target
- Review branch coverage model and the opportunity to add Financial Professionals
- Discuss administrative support strategy
- Examine referral numbers and targets to coincide with revenue goals
- Assess current/future marketing strategy and define action items to launch quarterly print and digital plan
- Optimize current compensation, retention, and sunsetting plans
- Review the reporting strategy throughout the financial institution
- Implement a "Day in the Life" Tech Review with your Relationship Manager to glean the most from Infinet

We look forward to working with you on these and other items of interest to you. Thank you again for your time and partnership!

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Learn more about Osaic Institutions and how we empower investment programs to thrive:

Contact an Osaic Institutions **New Business Development team members**.

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