



# NEWS

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## **NAPFA Releases Inaugural Membership Benchmarking Survey** *Revenue and Clients of Member Firms Grow at Annual Rate of 21%*

Arlington Heights, IL (May 24, 2006) - Fee-Only financial advisors are increasing client numbers, revenue and profit at impressive rates, according to a new study issued by the National Association of Personal Financial Advisors (NAPFA). The inaugural *NAPFA Membership Benchmarking Study* was produced for NAPFA by Moss Adams LLP.

The study, representing 20% of the NAPFA member firms, shows that between 2003 and 2005, both revenue and the number of clients per firm grew at an average annual rate of 21%. Median assets under management (AUM) increased at an even faster rate of 30%. As a percentage of revenue, direct expenses (compensation for professionals) declined and overhead expenses remained in check over the 2003–2005 period. This resulted in strong growth in operating profit for the surveyed firms, which increased at an annual average rate of 46%. As a result, firm owners took home an average of about \$200,000 in pre-tax income in 2005.

“The NAPFA value system is based on advisors accepting Fee-Only compensation and acting in the best interests of the client. Now, for the first time, we have widespread proof that these values make good business sense, too. Not only are the firms of NAPFA members profitable, but they are increasing their client bases and growing at healthy rates,” said Peggy Cabaniss, national chair of NAPFA.

Adds Rebecca Pomeroy, principal of Moss Adams LLP, “As advisors across the industry do more fee-based business, NAPFA Fee-Only advisors are weathering this new competition well. To remain competitive, however, smaller NAPFA firms must continue to purposefully and strategically refine or grow their client bases. Larger firms must place priority on operational efficiency.”

While united in their strict adherence to the Fee-Only planning model, NAPFA members represent a broad range of firms in terms of size, business model, and developmental stage. Much of the report is organized around three firm types that naturally emerged through review of the survey data: solo practitioners with one owner/advisor; emerging ensembles with multiple professionals generating less

than \$2 million in firm revenue; and larger ensembles with \$2 million or more in annual revenue. Each of the three firm types faces different developmental challenges.

Members of the media wanting to reserve a complimentary copy of the *NAPFA Membership Benchmarking Survey* can contact Ellen Turf, CEO of NAPFA, at 800-366-2732 or [turfe@napfa.org](mailto:turfe@napfa.org).

Financial professionals wishing to purchase a copy of the study, please visit [www.napfa.org](http://www.napfa.org) or call 1-800-366-2732. Retail price is \$149 for NAPFA members or \$249 for non-members.

#### **ABOUT NAPFA**

Since 1983, The National Association of Personal Financial Advisors (NAPFA) has attracted Fee-Only financial planners across the country by promoting some of the strictest guidelines possible for professional competency, comprehensive financial planning, and Fee-Only compensation. With more than 1,300 members across the country, NAPFA has become the leading professional association in the United States dedicated to the advancement of comprehensive, Fee-Only financial planning.

For more information on NAPFA, please visit [www.napfa.org](http://www.napfa.org).

#### **ABOUT MOSS ADAMS LLP**

Moss Adams LLP is the twelfth largest accounting and consulting firm in the United States. The company maintains a team of industry specialists providing consulting, accounting, tax, and valuation services to hundreds of financial planners, investment managers, independent trust companies, independent broker-dealer firms, and other financial services organizations throughout the U.S., Canada, and Australia. Clients also include major industry associations, insurance and fund companies, and a host of other firms prominent within the financial services marketplace.

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