

Advisor Survey 2024

Independent Advisors Leverage
Tech Innovations to Thrive Amid
Industry Shifts

The fastest-growing financial advisors see industry and generational change as an opportunity. They're embracing innovative tools and technology as a way to catalyze their growth and solidify their position in a market that is rapidly evolving.



Betterment Advisor Solutions surveyed 500 independent U.S. financial advisors



Financial advisors and their clients face a dynamic and challenging market in 2024—changing client demographics, inflation, artificial intelligence, and political turbulence, to name just a few. But despite these obstacles, the number of RIAs is at an all-time high.

That's because modern, independent advisors see these challenges as opportunities. They're seizing the moment and building firms that embrace change and offer a more personalized perspective and investment approach for clients.

But what is the next generation of advisors looking for?

“Betterment is built on the premise that great financial advice is a human endeavor that can be aided by great technology,” said Tom Moore, Head of Betterment Advisor Solutions. “We wanted to hear from independent financial advisors who are working with clients every day and building the future of our industry. This is an opportunity to learn more about what they, as the eyes and ears of personal finance, have to say about where our industry is headed.”

In this first edition of the Betterment Advisor Solutions Survey, we surveyed 500 independent U.S. advisors with \$10 million to \$250 million in AUM to examine current trends and capture sentiments among this generation of new and growing advisors.

FOUR MAJOR TAKEAWAYS

Betterment Advisor Solutions surveyed 500 independent U.S. financial advisors and found these key takeaways.

- **The rise of the Millennial continues.**

Nearly three quarters of advisors surveyed are Millennials, which aligns with the growing needs of Millennial investors who are quickly becoming high-value clients.

- **AI and technology are widespread.**

Four out of five advisors use AI in some capacity, and among those who don't, 64% intend to. And technology is critical to growth as advisors look to build their practices efficiently.

- **Tech allows advisors to offer better client experiences.**

43% of surveyed advisors said that with more time, they would focus more hours on financial planning and meeting with current clients.

- **Retirement is critical, not optional, business.**

More than 80% of surveyed advisors manage 401(k) plans, and of those who aren't, the majority intend to.

SECTION 01

Who did we survey?



Survey Results

We wanted to hear specifically from the rising generation of RIAs, so we spoke with small and growing, largely Millennial, independent advisors to discover their fears, aspirations, opportunities, and blockers. Among those we surveyed:

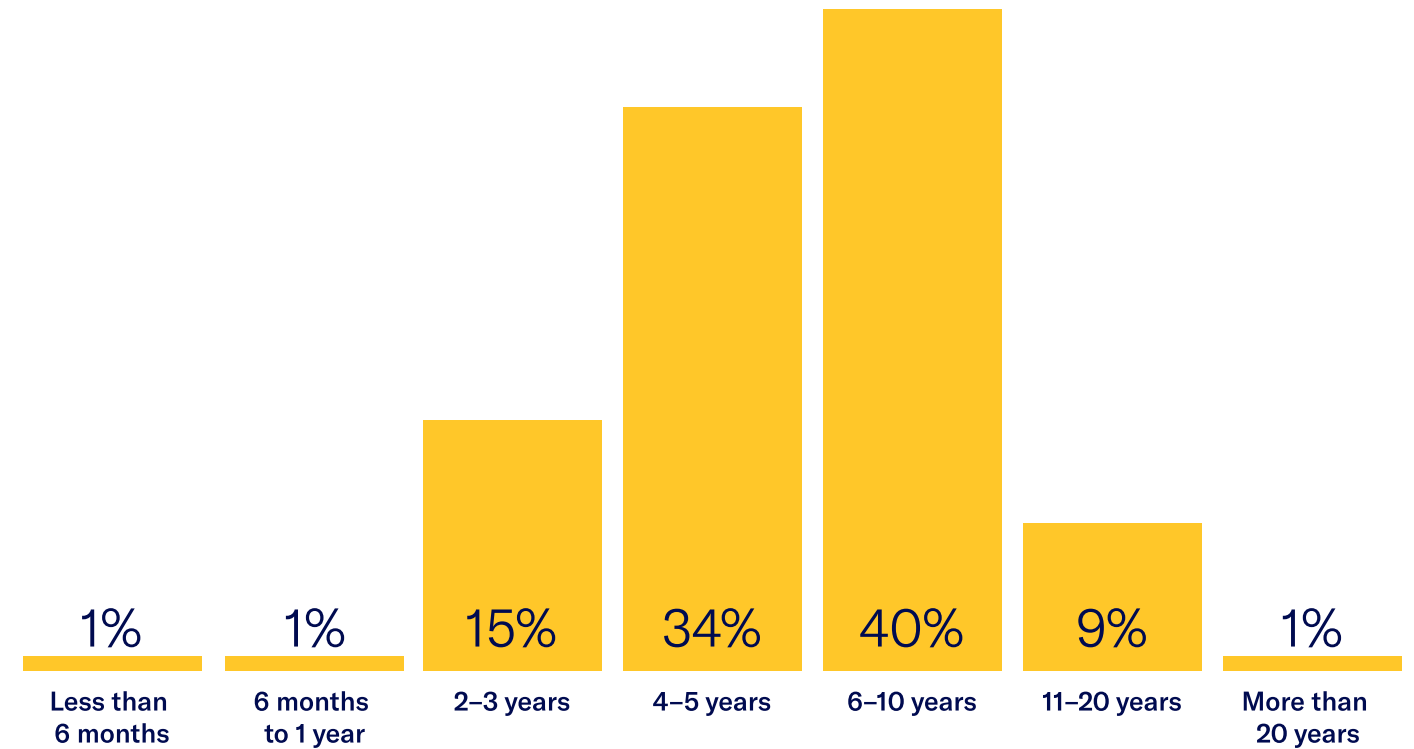
80%
are male

72%
are Millennials

90%
have been an advisor
for less than 10 years

64%
work at firms with
6-20 advisors

How many years have you been a financial advisor?



The rise of the Millennial

Nearly three quarters of those who responded to our survey were Millennials, which compelled us to further look into how this generation approaches advising.

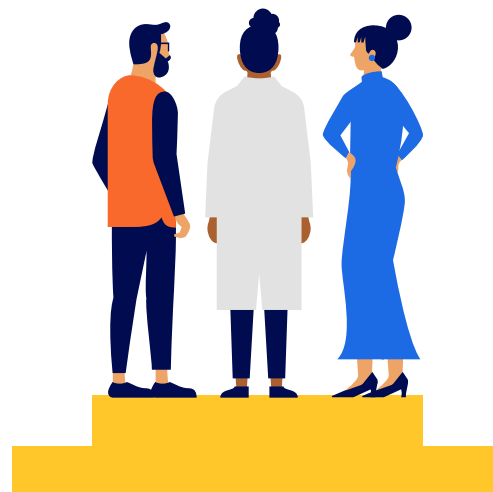
Millennial advisors believe technology should be at the center of optimizing their practice's operations. Fifty-five percent said that technology allowed them to serve more clients, and deliver a better client experience. In addition, more than half of Millennial and Gen Z advisors (53%) reported that they saved time by using technology. In other words, Millennial advisors see technology as an opportunity to combine their personalized touch with modern tooling to better serve clients.

This aligns with the growing needs of Millennial investors, who are beginning to come into their own financially. They're building wealth, and their needs are becoming more complicated. They have high expectations of both service and accessibility, which Millennial advisors are uniquely positioned to deliver by optimizing their practices. Having an advisor who sees the world through their lens, understanding common concerns like managing student loan debt and purchasing a home in today's market, is valuable to this generation.

THE BOTTOM LINE

55%

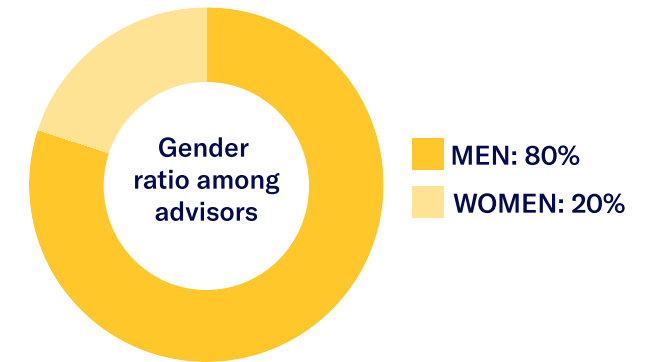
of Millennials said technology allows them to serve more clients



Growing demand for female advisors

Independent advisors remain predominantly male. Of those surveyed, only 20% were women, despite growing demand for female advisors and advice dedicated to women and the particular challenges they face.

THE BOTTOM LINE



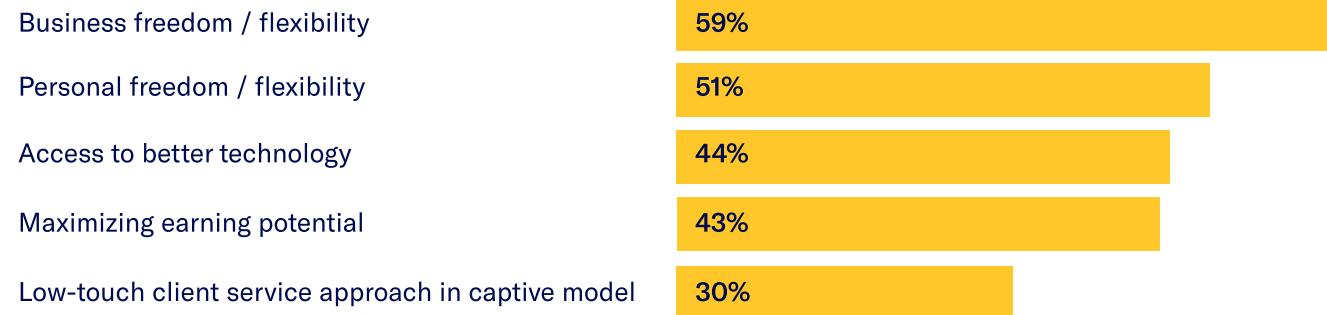
“While the industry remains male-dominated, there is absolutely a growing demand for female advisors. In recent years, we’ve seen the success of women giving financial advice on social media and fast-growing companies designed to serve women in their financial endeavors. Successful influencers like Katie Gatti Tassin of Money with Katie or The Financial Diet’s Chelsea Fagan prove that there is hunger for female voices and perspectives.”

Alison Considine
Head of Strategy at Betterment Advisor Solutions



Why advisors go independent

For what reasons did you go independent?



Accessing better technology and maximizing earning potential both ranked high. Yet freedom and flexibility were far and away the top reasons for going independent.

have a strong point of view—whether it applies to how they believe a firm should be managed or what work-life balance should look like. Interestingly, the concept of freedom outweighs even earning potential.

This resonates across advisors’ professional and personal lives. Independent advisors

“The culture of working as an advisor at a large firm or bank can be vastly different from working for an independent firm. Relationships can become transactional, or sales quotas can mean a lot of time spent prospecting or even pushing proprietary products. What we hear from independent advisors is that they appreciate the ability to deviate from this culture and build a workplace culture they believe in. They are very often entrepreneurs as much as they are financial advisors.”

Thomas Moore
Head of Betterment Advisor Solutions



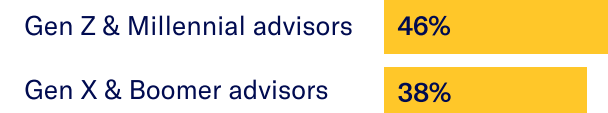
“Unfortunately, the glass ceiling and income disparity very much remain a reality in the financial sector. Female advisors may be more likely to take home pay comparable to their male counterparts if they are working at a smaller, independent firm where they have more control and visibility into how their salaries stack up.”

Alison Considine
Head of Strategy at Betterment Advisor Solutions

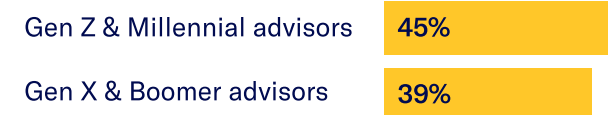


Cutting the data across generational lines reveals new insights.

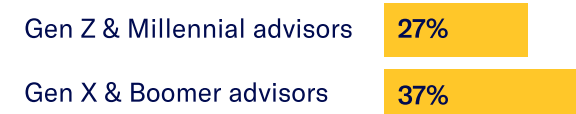
ACCESS TO BETTER TECHNOLOGY



MAXIMIZING EARNING POTENTIAL



CHANGING SERVICE APPROACH / CLIENT FOCUS



A cut across genders also reveals interesting findings.

PERSONAL FREEDOM / FLEXIBILITY



MAXIMIZING EARNING POTENTIAL



SECTION 02

How do independent advisors use technology?

The custodial platform is at the core of an RIA’s tech stack, and, unsurprisingly, legacy brokerages are a popular choice. That said, the addition of new and rising custodians is an exciting development, and TradePMR, SEI, LPL, and Betterment Advisor Solutions aren’t far behind legacy providers.

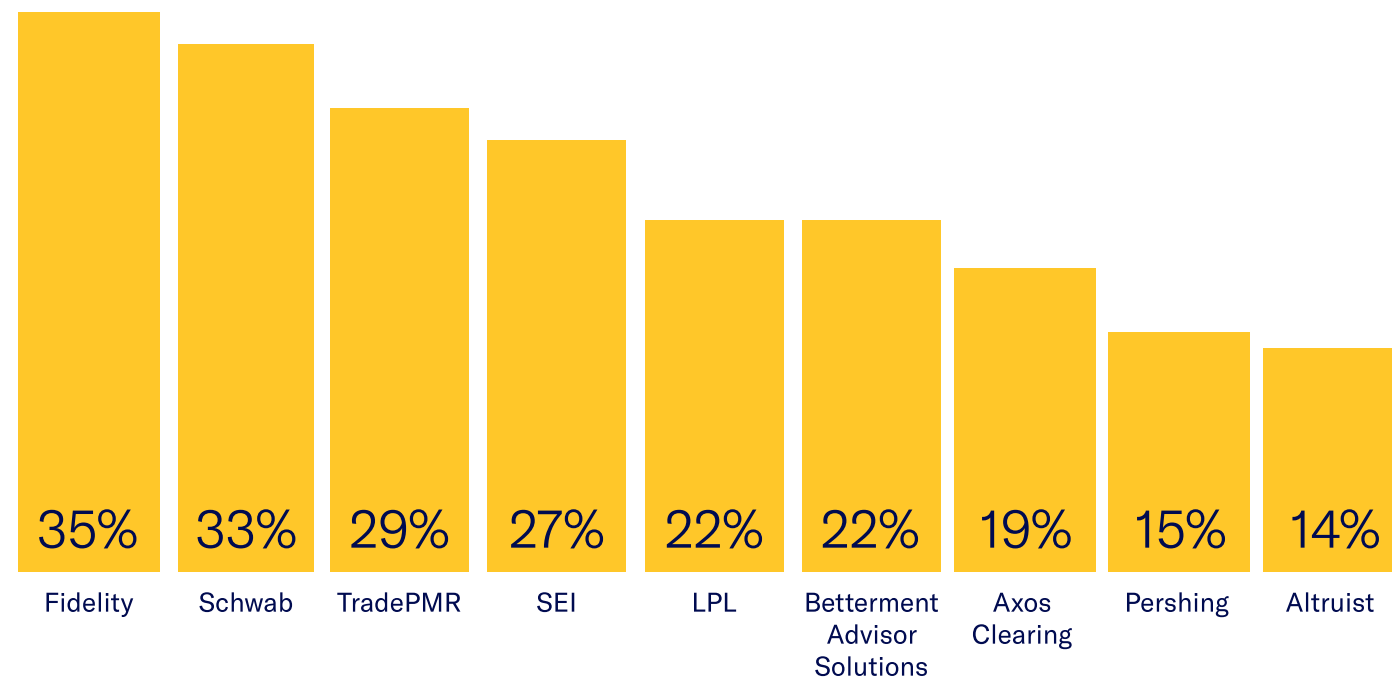
Overall, advisors are satisfied with their custodians, with each platform receiving a rating of at least 89% satisfied or very satisfied.

Leading the pack:
Fidelity and Betterment
Advisor Solutions

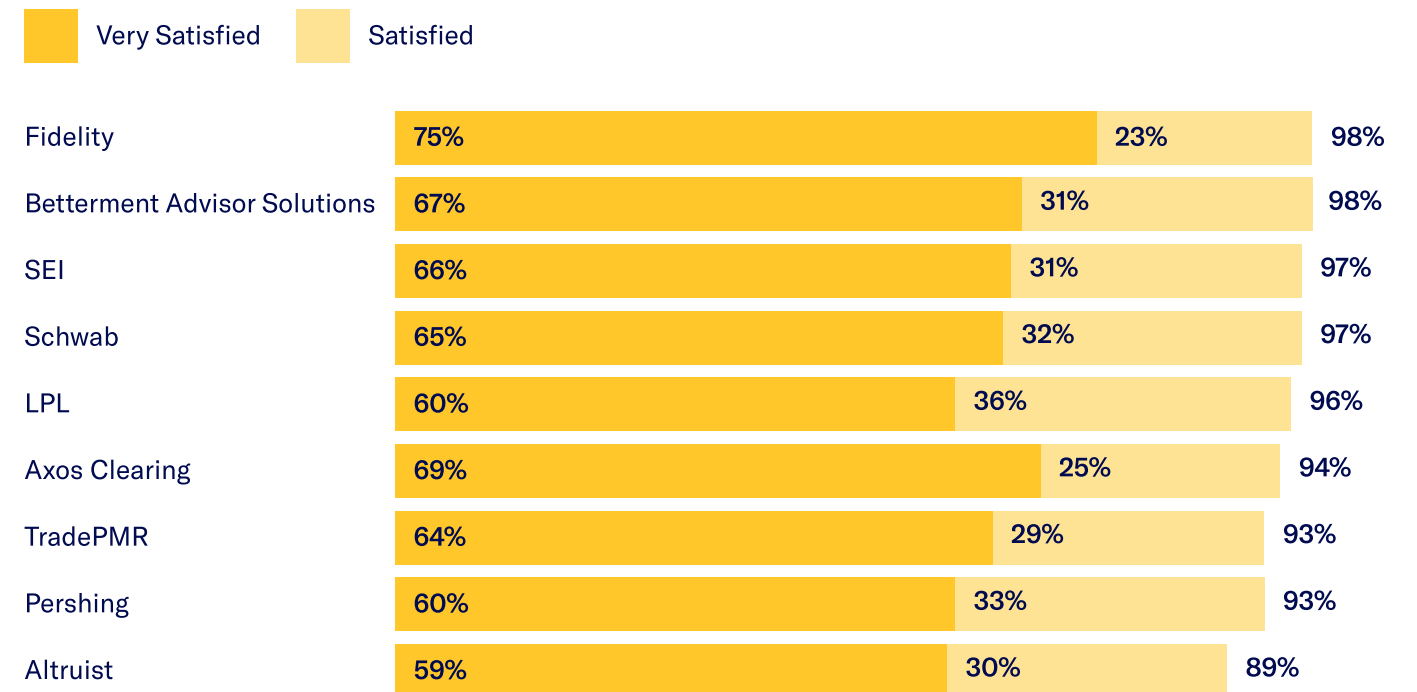
98%

“satisfied” or “very satisfied”

Which custodian or custodians do you currently use?



How satisfied are you with your current custodian?
(only satisfied and very satisfied % shown)



Important features and value in custodians

Generally, advisors find all features at least somewhat important to their daily operations, again highlighting the importance of technology for independent RIAs. The Top 3 most important features that a tech tool could offer for advisors were billing (52%), financial planning software (51%), and performance reporting software (51%).

How important are particular types of technology and software to your practice?

	Very important	Important	Somewhat important	Not very important	Not important at all	N/A
Billing	52%	35%	10%	1%	1%	1%
Financial planning software	51%	37%	10%	1%	1%	0%
Performance reporting software	51%	36%	11%	0%	0%	1%
Tax management tools	50%	39%	9%	1%	1%	0%
Cash management solution	50%	39%	9%	1%	1%	0%
CRM	48%	39%	9%	2%	0%	1%
Model marketplace	47%	39%	10%	1%	2%	1%
Risk analytics	46%	39%	11%	2%	0%	1%
Digital account opening software	46%	41%	8%	3%	1%	1%
Portfolio management software	44%	43%	10%	2%	1%	0%

11 - How important are each of the following types of technology/software to your daily operations?

“Providing more robust support has been a major focus of Betterment Advisor Solutions, including our creation of a dedicated implementation team to provide hands-on assistance with asset transfers. But, as noted by our survey, different types of clients seek different levels of support. More tech-savvy firms or more tech-literate advisors may expect a tool to work with less support. We believe that finding the sweet spot where tech and service converge is crucial for every customer’s success.”

Liane Pierce
VP, Customer Experience at Betterment



Robust support model



While independent advisors were largely “very satisfied” with their custodian, some cited room for improvement. Advisors overall most wanted their custodian to offer an improved client experience. The fact that they have many options for custodians is good for the industry, building a competitive atmosphere to meet advisors’ needs.

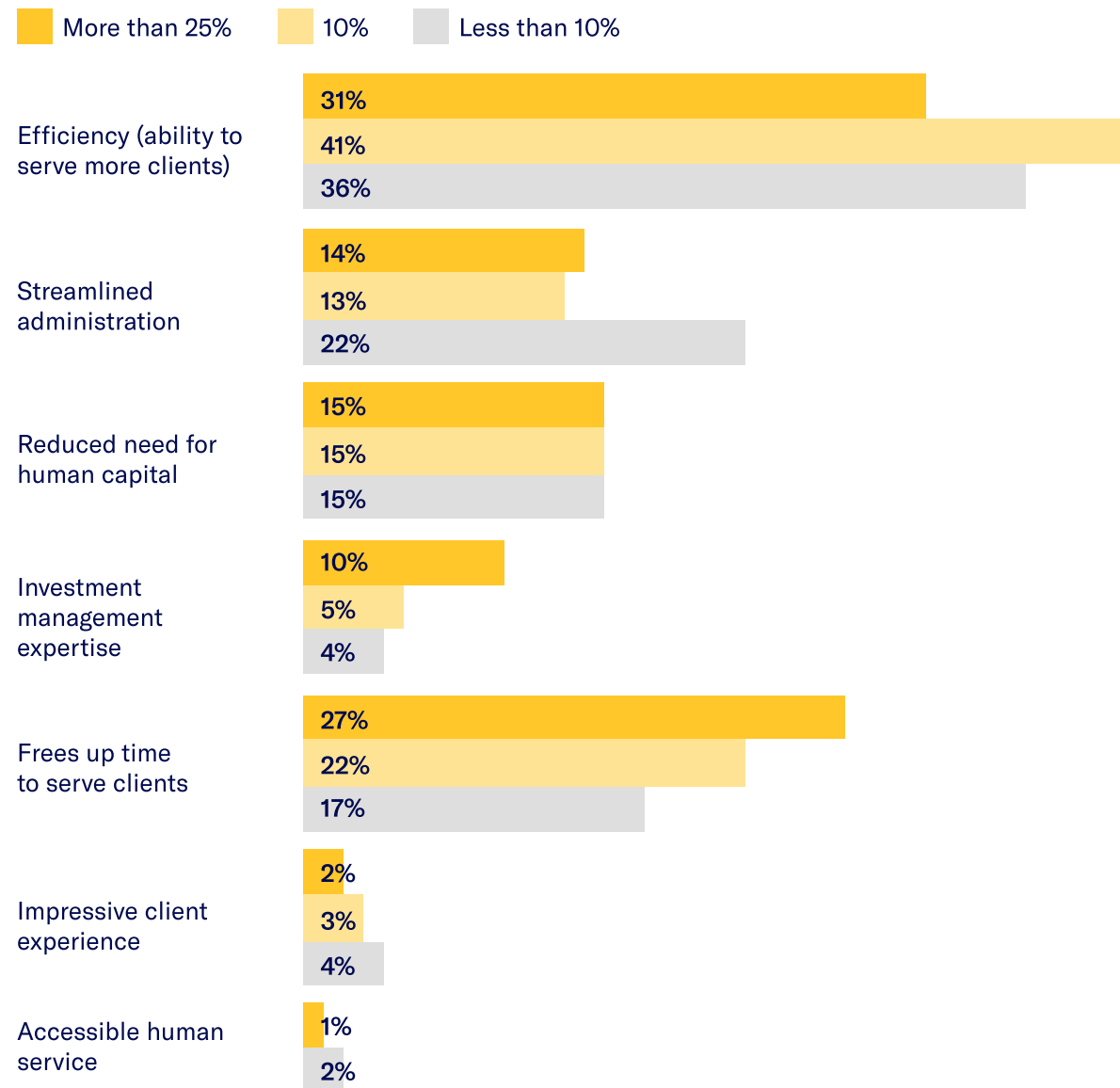
When sorting by generation, Gen X and Boomer advisors (45%) were significantly more likely to want a more robust support model from their custodian compared to their Millennial and Gen Z counterparts (31%).

SECTION 02 How do independent advisors use technology?

Next, we looked at where advisors found the most value from their custodians. Responses varied significantly depending on the growth rate of an advisor’s AUM. Advisors who grew more than 25% in the past year were more likely to say that they

could spend more time serving clients thanks to their custodian. Meanwhile, advisors experiencing less than 10% growth said that custodians allowed them to streamline back-office tasks, implying that these tasks may be impeding their growth.

What are the top value propositions provided by the custodians you use? (segmented by AUM change)



Many advisors know the value of technology but are unable to implement new tools effectively for various reasons. When asked about their biggest challenges implementing technology at their firms, advisors highlighted poor customer service and time spent training their team on new tools.

Challenges with technology

What are the top challenges you face when implementing new technology?

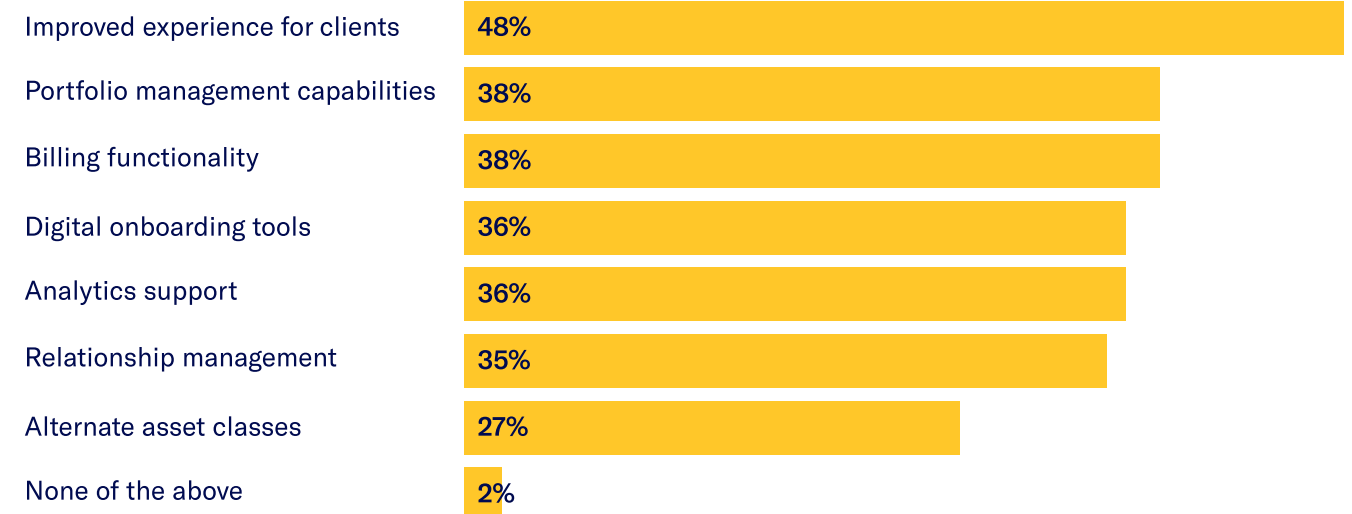
	Top 3	Ranked #1	Ranked #2	Ranked #3	Ranked #4	Ranked #5	Ranked #6
Expecting great customer service after the sale	54%	20%	18%	16%	18%	15%	14%
Rushing the selection / vetting process	53%	17%	18%	18%	17%	15%	15%
Time spent on implementation or training	52%	19%	18%	15%	15%	19%	15%
Change management with clients	51%	17%	16%	18%	16%	18%	15%
Tech stack fragmentation / software overload	49%	16%	16%	17%	15%	18%	17%
Underestimating the total cost of technology NOT included	41%	12%	14%	15%	18%	16%	24%

Alternate asset classes

Another area where notable differences emerged was whether an advisor was looking for their custodian to offer non-traditional asset classes. Just 24% of Millennial and Gen Z advisors want a custodian to offer alternative asset classes and investment options, compared with 34% of Boomers and Gen X. This may indicate that Boomer and GenX advisors still rely on portfolio management as the core of their advisory offering, whereas Millennial advisors may be simplifying their investment processes and focusing on other value-added services like financial planning.



Which features do you wish your custodian would start offering?



“As a generation, Millennials have both been at the forefront of new finance trends while also experiencing real financial challenges, like graduating into a recession, student loan debt, and historically high interest rates when they are at home-buying age. Our survey indicates that they are returning to less-risky investment strategies —something we have also observed in the popularity of our high-interest cash product and bond portfolios.”

Dan Egan
VP of Behavioral Finance and Investing at Betterment



SECTION 03

How do independent advisors spend their time?

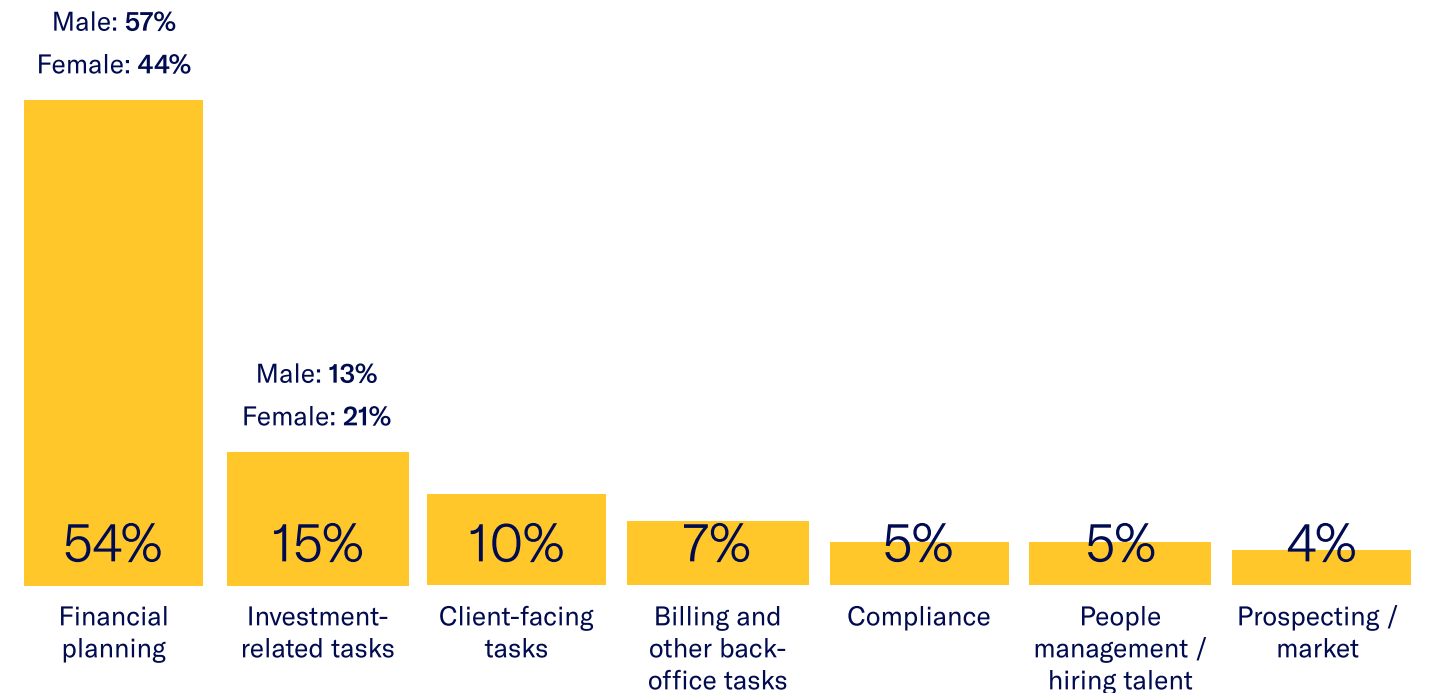


Balancing Responsibilities

Independent financial advisors often also take on the duties of business owners. They juggle marketing their firm, hiring and training staff, financial planning for their clients, and more.

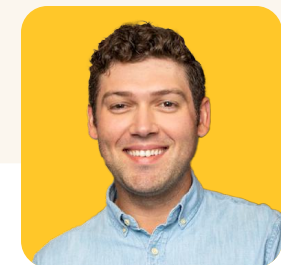
We asked advisors to tell us where they were spending most of their time. Overwhelmingly, they said that most of their time was spent on financial planning (54%). Investment-related tasks (15%) and client-related tasks (10%) were distant runners-up.

What do you spend the most time on in your day-to-day?



“We’re encouraged to see that, while independent advisors have a lot on their plates, they’re most likely to spend their time on financial planning. That’s exciting, especially since working at a larger firm can often mean more time on practices and processes that come with not being independent. Independent advisors get to spend their time advising, which we love to see.”

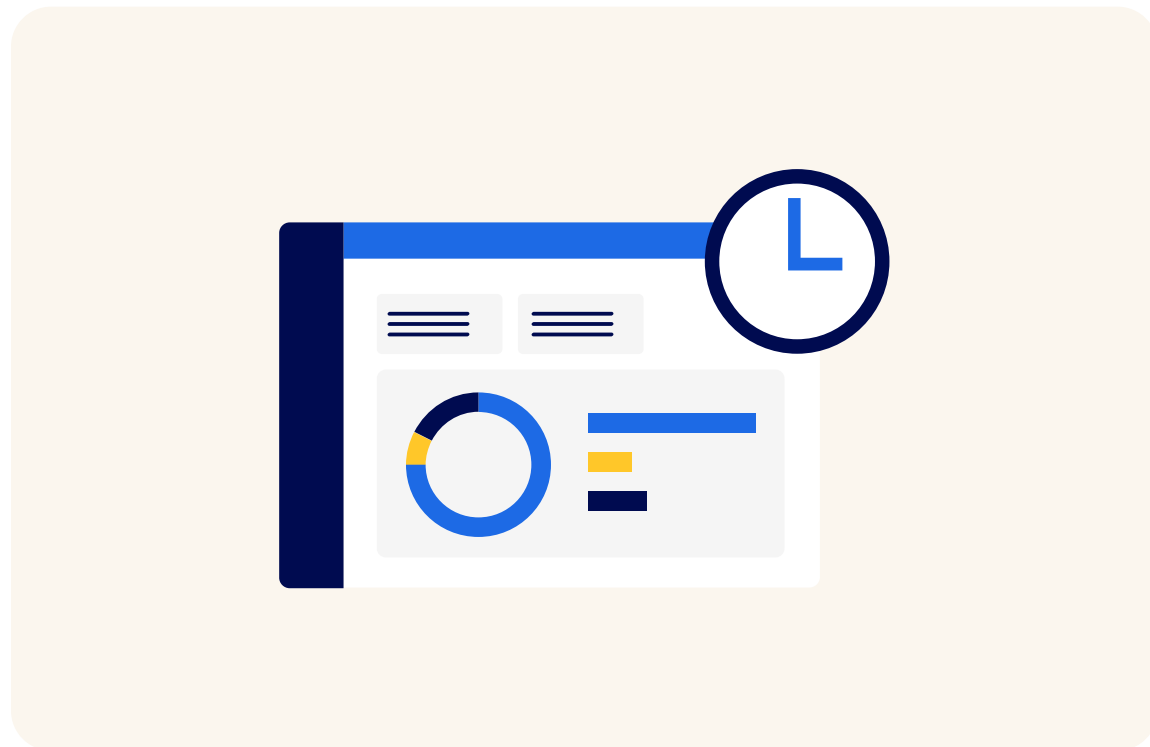
Devon Klumb
Head of Sales at Betterment Advisor Solutions



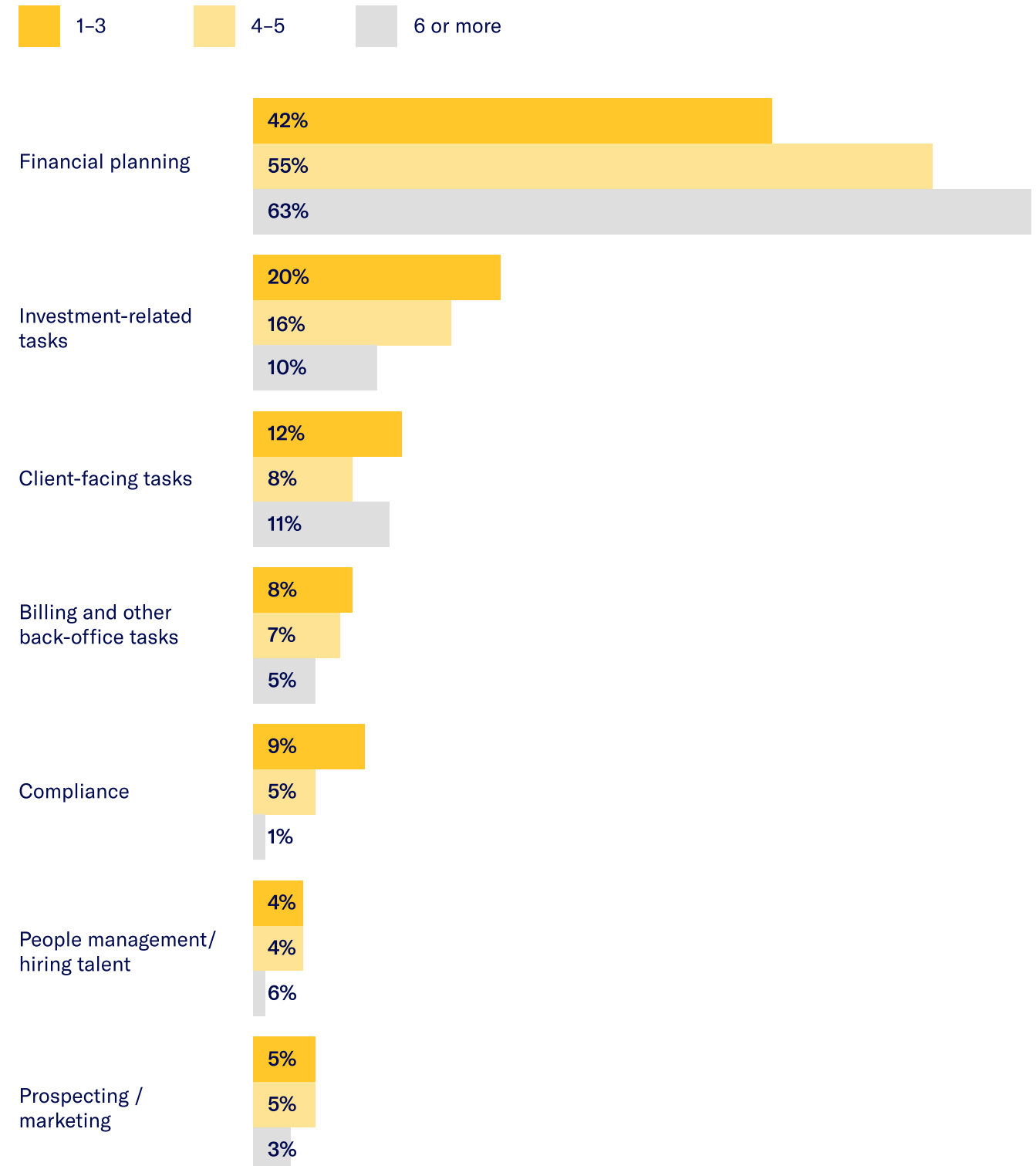
How technology saves advisors time

We found a clear correlation between the number of technology tools an advisor uses and the amount of time they spend on financial planning (which we define as high-value) vs. non-revenue-generating tasks like back office and compliance.

Technology has time-saving value for advisors, but its benefits go beyond minutes and hours. By offloading some tasks and making others more efficient, advisors can deliver more value to clients by increasing face time and further personalizing the advice and planning they provide.



How advisors spend their time, cut by number of tech tools used



What would advisors do with more time?

When asked what they would do with more time, advisors highlighted client-facing and client-value-driving activities. Unsurprisingly, no advisors mentioned they'd spend more time on billing or account setup.

Each of these activities (which all outrank "personal time" at just 27%) involves better serving clients and scaling their business, specifically spending more time with both current and prospective clients. But what's preventing advisors from spending time with clients?

Top 5 answers

- 43% Investment management and financial planning
- 43% Serving and meeting with current clients
- 42% Professional development
- 40% Meeting with prospective clients
- 39% Marketing my business

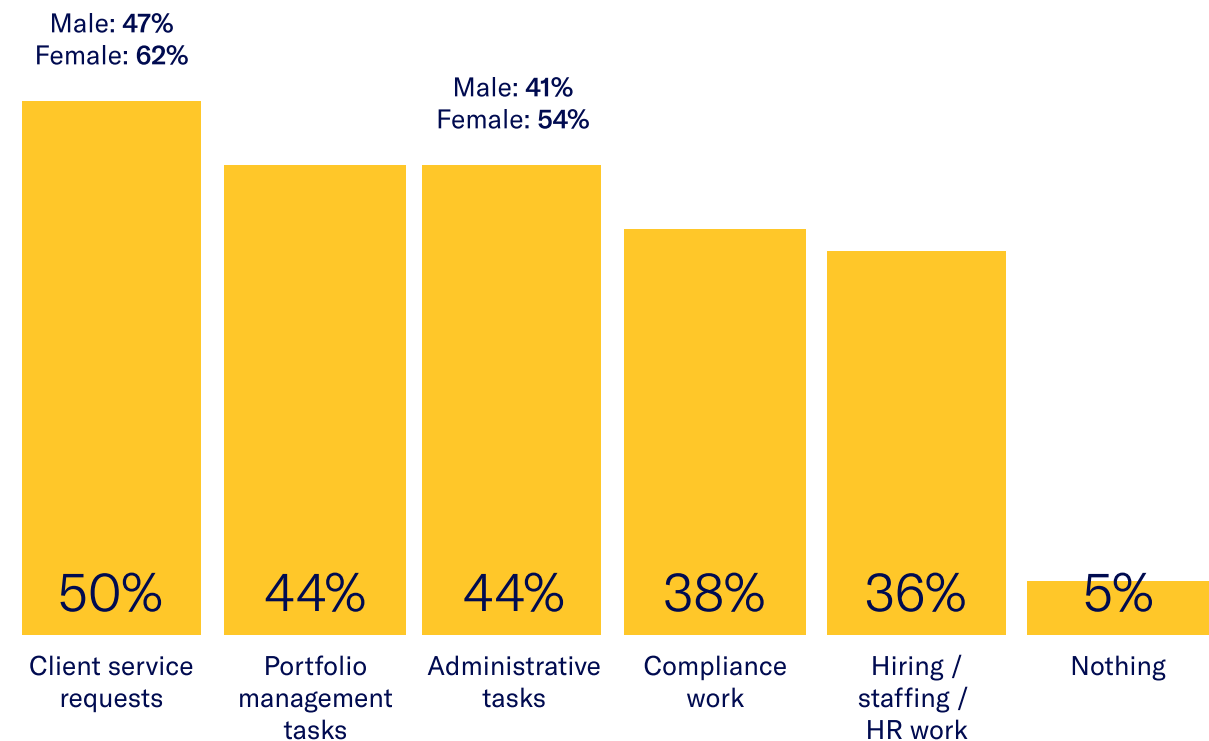
"It's clear that technology enables advisors to spend more time on financial planning, and therefore grow faster. Our survey found that the relationship between tech, growth, and time spent on financial planning was direct and notable. Meanwhile, so many of the tasks that are burdening advisors are easily automated with the right custodian."

Thomas Moore
Head of Betterment Advisor Solutions



Client service requests, portfolio management tasks, and administrative tasks prevent advisors from spending time with clients. Female advisors are even more likely to be burdened by these to-dos.

What is preventing you from spending more time with clients?



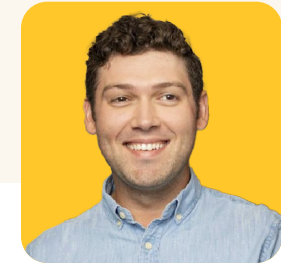
Delivering value: Communication and planning

Finally, we asked how many hours per week advisors were spending on financial planning and communicating with clients—the top two tasks, which filled the majority of advisors’ time.

Unsurprisingly, the more clients an advisor serves, the more time they spend on financial planning and communicating with clients.

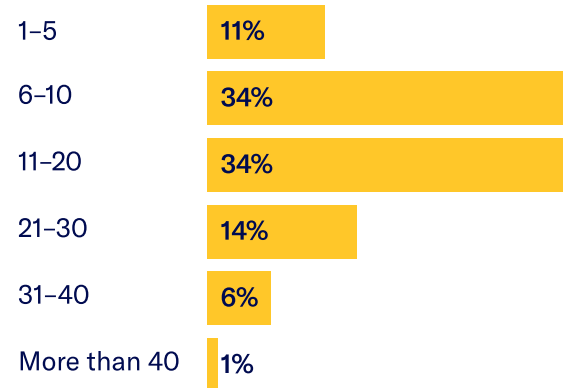
“This indicates that independent advisors have very little time to do anything other than financial planning and communicating with clients. That’s especially troublesome to hear when we know independent advisors are seeking better work-life balance, but they likely have very little time outside of work, not to mention all of the other tasks they may have to take on as an independent advisor like marketing or HR administration.”

Devon Klumb
Head of Sales at Betterment Advisor Solutions

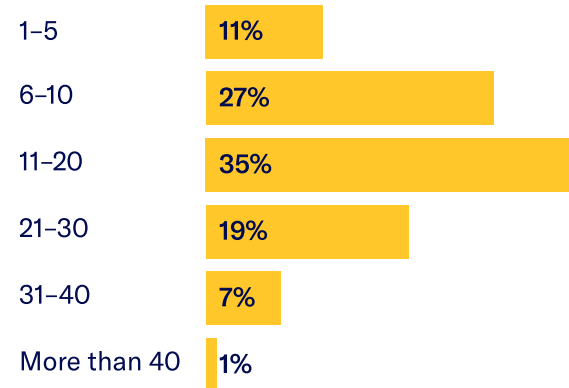


Hours communicating with clients and financial planning

HOW MANY HOURS DO YOU SPEND COMMUNICATING WITH CLIENTS EACH WEEK?



HOW MANY HOURS DO YOU SPEND ON FINANCIAL PLANNING EACH WEEK?



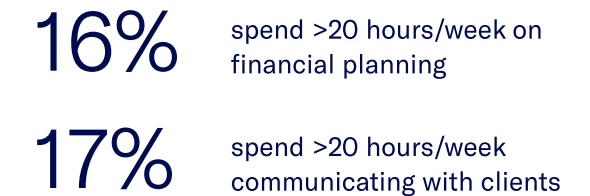
Advisors with >50 clients



Relatedly, high-growth firms (over 25% increase in AUM over the last year) spend substantially more time communicating with clients compared with lower-growth firms (<10% increase in AUM over the last year). Yet they spend about the same amount of time on financial planning.

Together, these insights imply that more successful advisors spend more time communicating with clients and financial planning. However, growth may require

Advisors with <20 clients



spending time on other tasks, meaning advisors starting an independent firm will likely take some time before they start seeing faster AUM growth.

With so much time devoted to high-value tasks, advisors—especially ones not leveraging the full power of technology and automation—may have to work even harder on administrative and back-office tasks, as well as running their businesses.

SECTION 04

What are today's client relationships like?

An independent advisor's relationship with their clients is often their top value proposition. Clients go to their financial advisors at major turning points in their lives and put their financial futures in the hands of their advisors.

We explored these relationships to gain an understanding of what advisors believe clients want and how these asks vary throughout the relationship.

“It’s a little surprising to see that one-on-one time is something advisors feel their clients care about least. But it underscores the importance of open communication and visibility into investments and performance. Clients may not want to hop on a Zoom for an hour to talk, but they certainly expect a high level of service. Providing dashboards and regular reporting to clients is a great way for advisors to offload some of these demands and make the most of their tech tools.”

Devon Klumb
Head of Sales at Betterment Advisor Solutions



Clients really want...

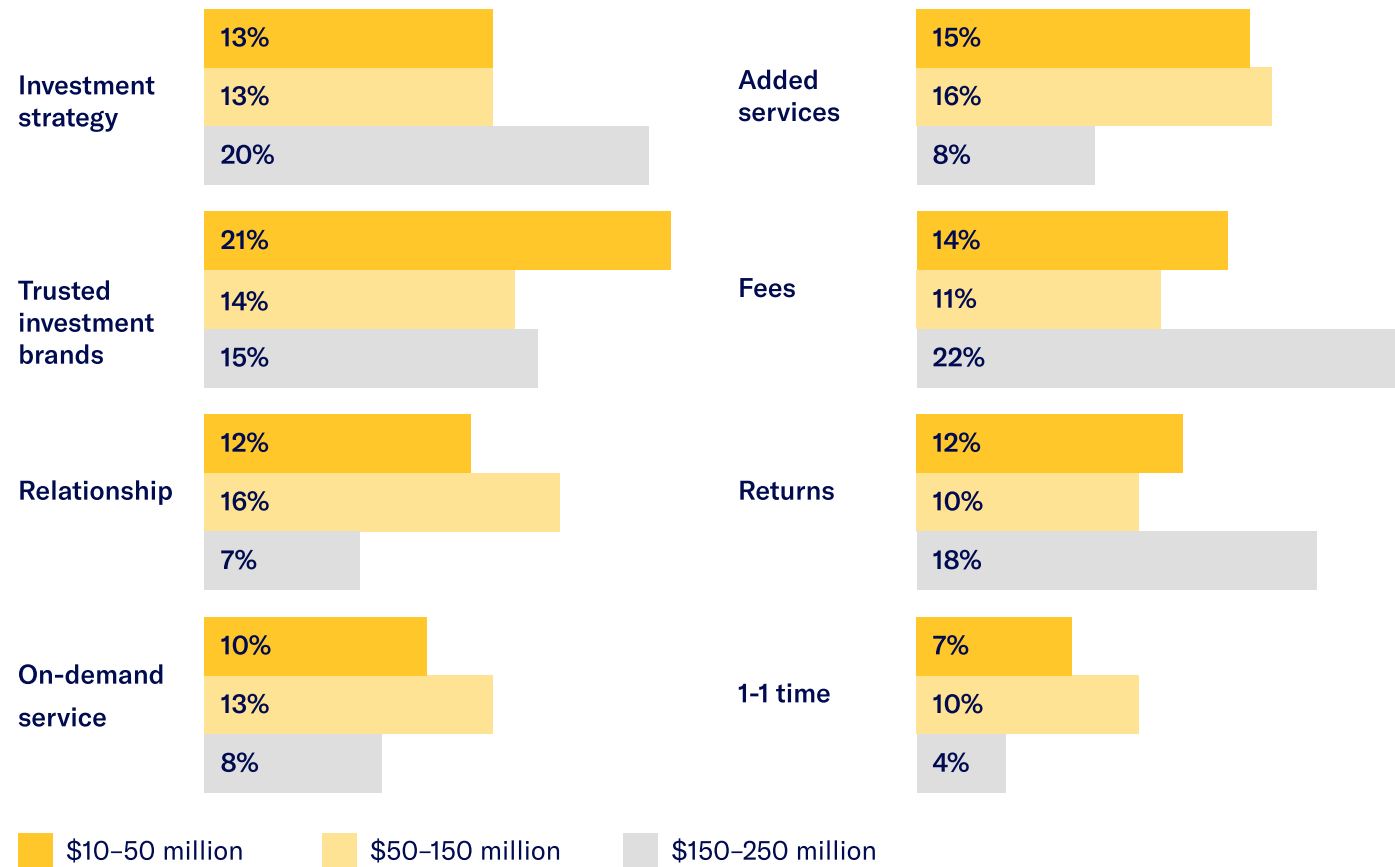
We asked about how important various things are to clients in an advisor's eyes. While investment strategy was the answer most often in the Top 3 overall, the item most often ranked #1 was trusted investment brands.

In other words, advisors believe that they need to imbue trust by being able to cite brand names that their clients are comfortable with. This stands out in a world of consolidation, failing banks, rising upstarts, and a general sense of uncertainty in the market.

What do you believe your clients consider your most important value propositions?

	Top 3	#1	#2	#3	#4	#5	#6	#7	#8
Investment strategy	47%	14%	18%	15%	13%	13%	10%	10%	7%
Trusted investment brands	44%	16%	15%	14%	13%	11%	11%	10%	11%
Relationship	41%	14%	13%	14%	16%	11%	11%	13%	9%
On-demand service	40%	12%	13%	15%	10%	16%	13%	11%	10%
Added services	40%	14%	12%	13%	14%	12%	10%	12%	12%
Fees	36%	13%	11%	12%	10%	11%	15%	12%	15%
Returns	33%	12%	11%	11%	13%	12%	15%	12%	14%
1-1 time	26%	8%	9%	9%	10%	12%	14%	19%	19%

What do you believe your clients consider your most important value propositions? (cut by AUM)

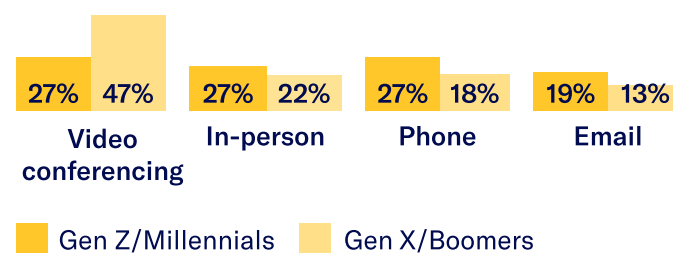


These rankings and expectations varied significantly, however, based on AUM. Advisors managing more assets believed that their clients were more likely to find things like returns, fees, and investment strategy to be significantly more important.

When looking at how advisors communicate with clients, an interesting generational divide emerges. Gen X and Boomers were significantly more likely to communicate with clients using video conferencing tools (47%) than their Millennial and Gen Z counterparts (27%).

Younger advisors were five points more likely to meet clients in person as their primary method of communication and nine points more likely to speak to clients on the phone.

What is your primary method of communicating with clients?



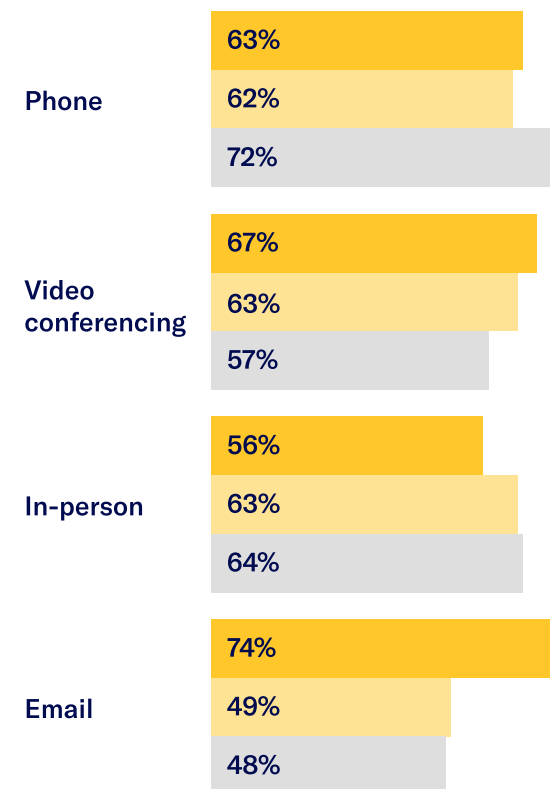
Finally, the more clients an advisor served, the more likely they were to use scalable communication tools like email, and the less likely they were to primarily meet in person.

Advisors with 20 or fewer clients were least likely to meet in person as their primary

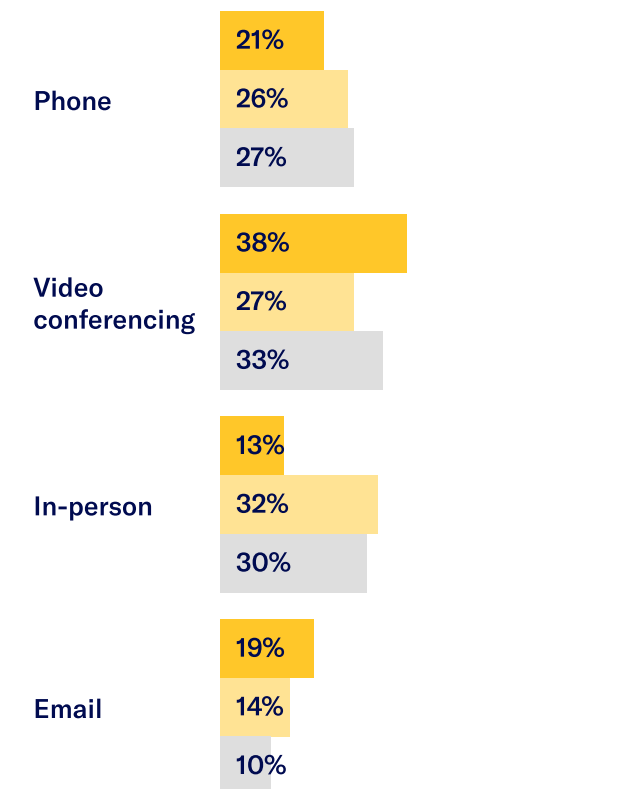
method of communication, with only 13% saying in-person meetings were their preference—that's half the overall number (26%).

Methods of Communicating With Clients By Number of Clients

HOW DO YOU COMMUNICATE WITH CLIENTS? (CUT BY # OF CLIENTS)



WHAT IS YOUR PRIMARY METHOD OF COMMUNICATING WITH CLIENTS? (CUT BY # OF CLIENTS)



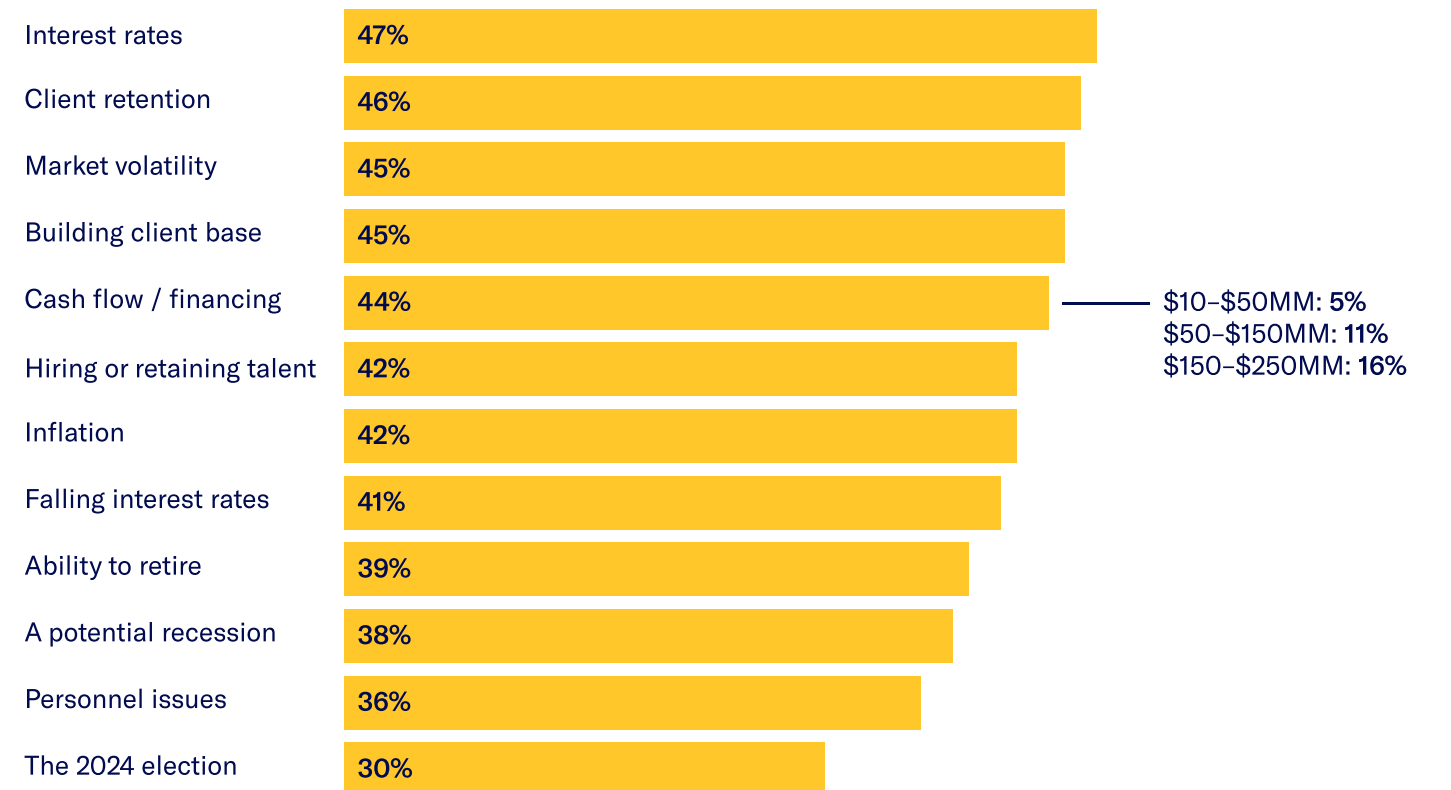
Next, we asked advisors to rank the top stressors they experience, from macroeconomic factors like inflation or the upcoming election, as well as business stressors like cash flow.



Top concerns included interest rates, client retention, market volatility, and building their client base. Interestingly, a potential recession seems to be less concerning for advisors as of late, implying a growing confidence in recent market conditions.

That said, clients often ask advisors to internalize their stressors. So, we also asked advisors to tell us about the top factors that were stressing their clients, and different topics emerged.

What aspect of running a business causes you the most stress?



SECTION 04 What are today’s client relationships like?

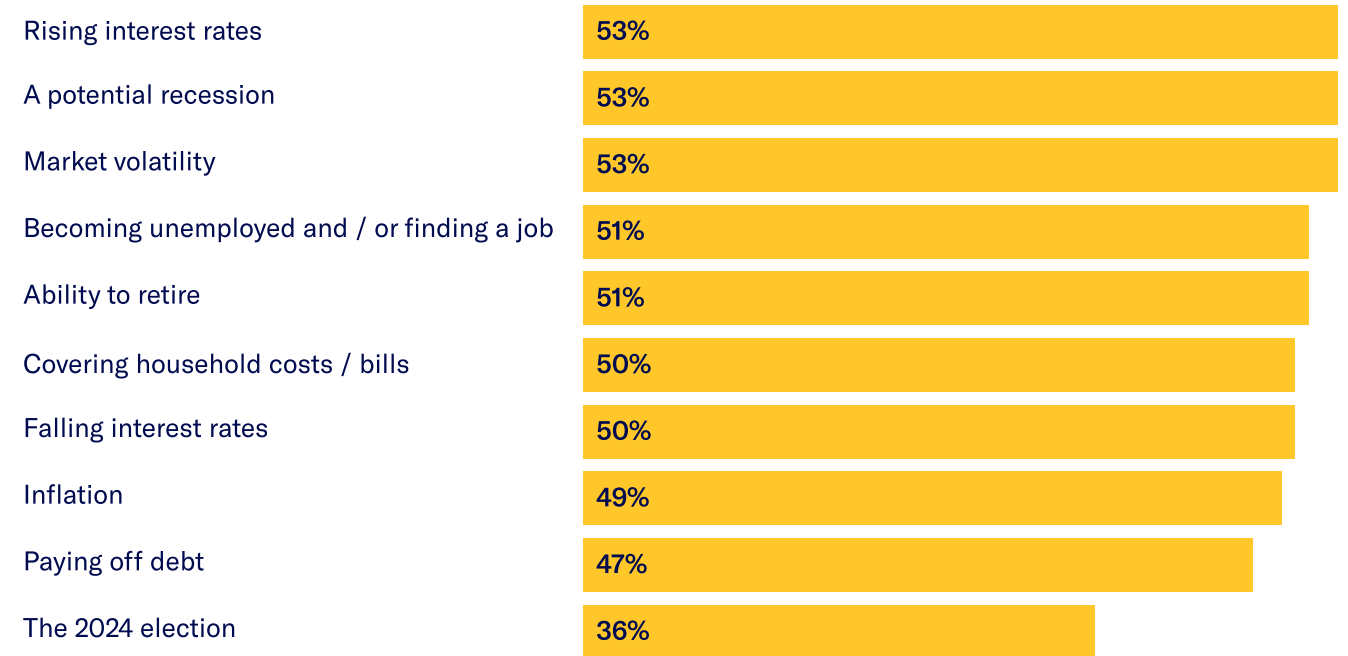
Advisors highlighted rising interest rates, a potential recession, and market volatility as their clients’ top concerns. That said, all other stressors ranked similarly, with the exception of the 2024 election—the least-cited client stressor by a significant degree.

“When comparing these results to our retail survey, it was interesting to observe the differences between what our retail investors found stressful vs. what advisors say they are hearing from their clients. While retail investors named inflation and the election among their top three stressors, advisors instead thought rising interest rates and a potential recession was much more top-of-mind for their clients.”

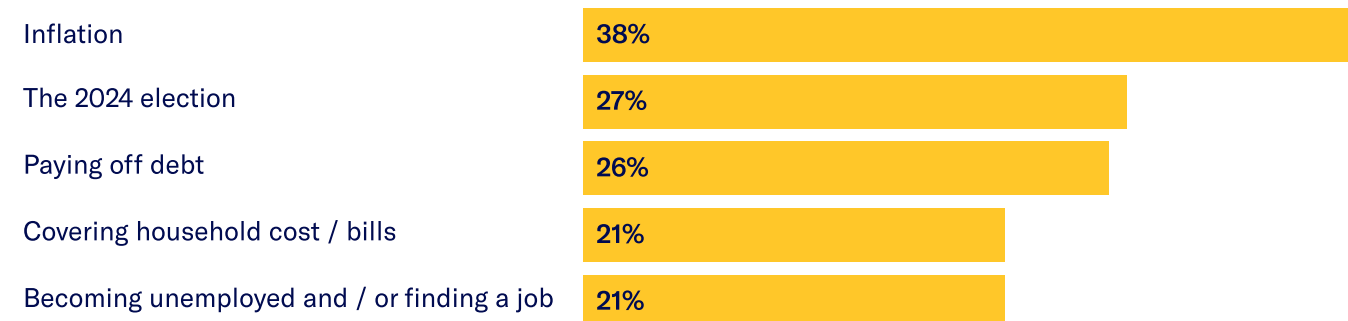
Raoul Bhavnani
Chief Communications Officer at Betterment



What causes your clients the most financial stress?

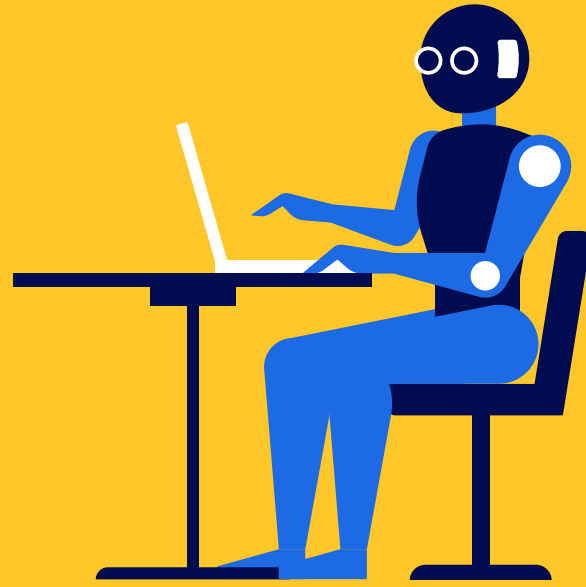


What are your top sources of stress this year?



SECTION 05

How are advisors thinking about AI and industry trends?

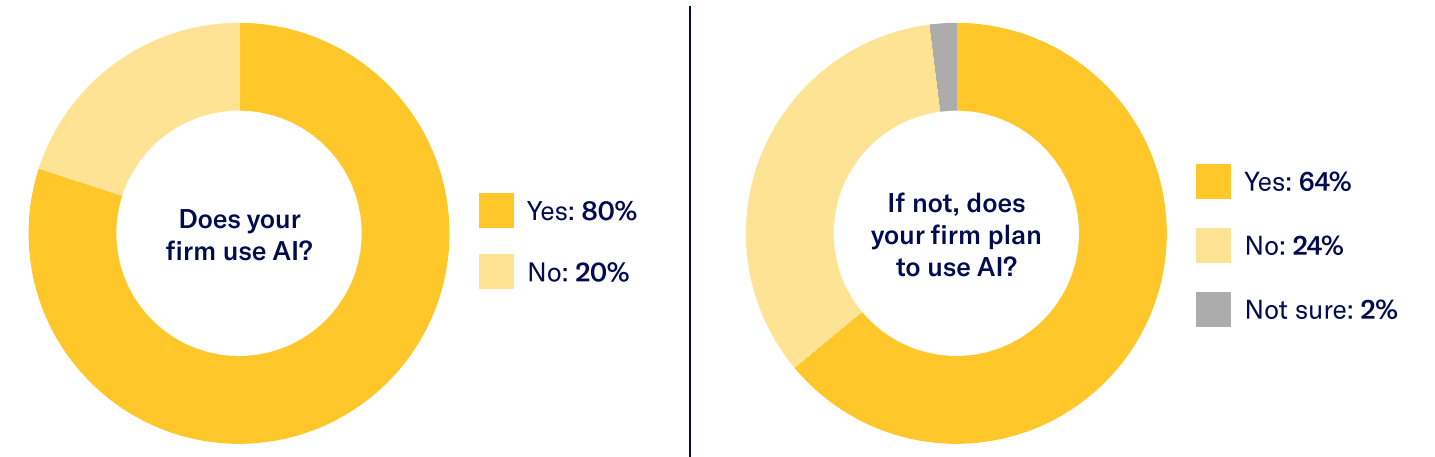


Use of AI

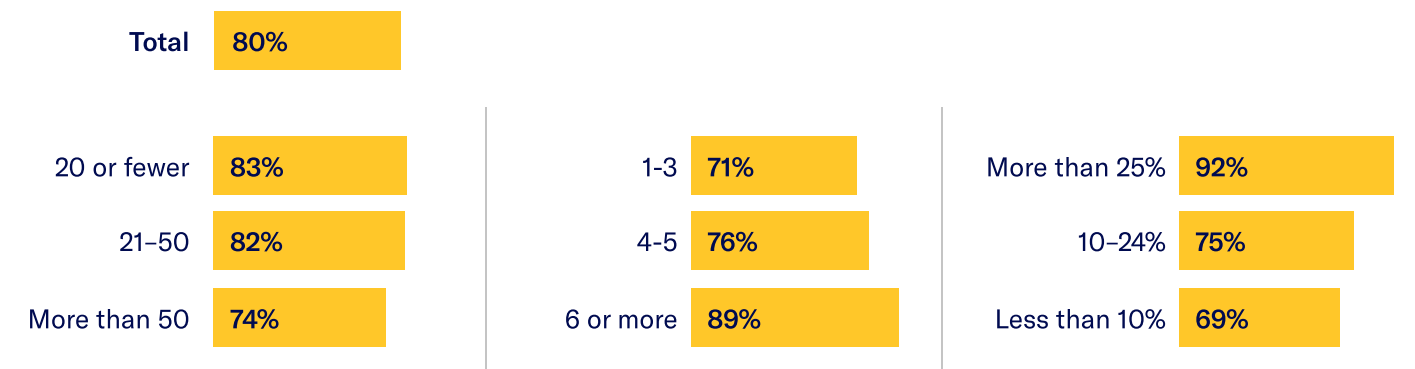
The use of AI in financial services has been a hot topic over the past few years, with publications like The Wall Street Journal asking, “Can AI replace your financial advisor?”

We found that independent advisors are overwhelmingly embracing the technology in their daily practices. When asked, 80% of advisors said they were currently using AI at their firms, and of the 20% who aren't, nearly two-thirds said they had plans to integrate AI at their firms.

Firm's Usage of AI



AI usage, cut by # of clients, tech tools, and AUM growth



Benefits of using AI

We asked advisors currently using AI at their firms about its benefits. Assistance with client service tasks was the most commonly selected use case at 56%. Among advisors managing a greater volume of assets (\$150M to \$250M), 68% said they used AI for assistance with operational tasks.

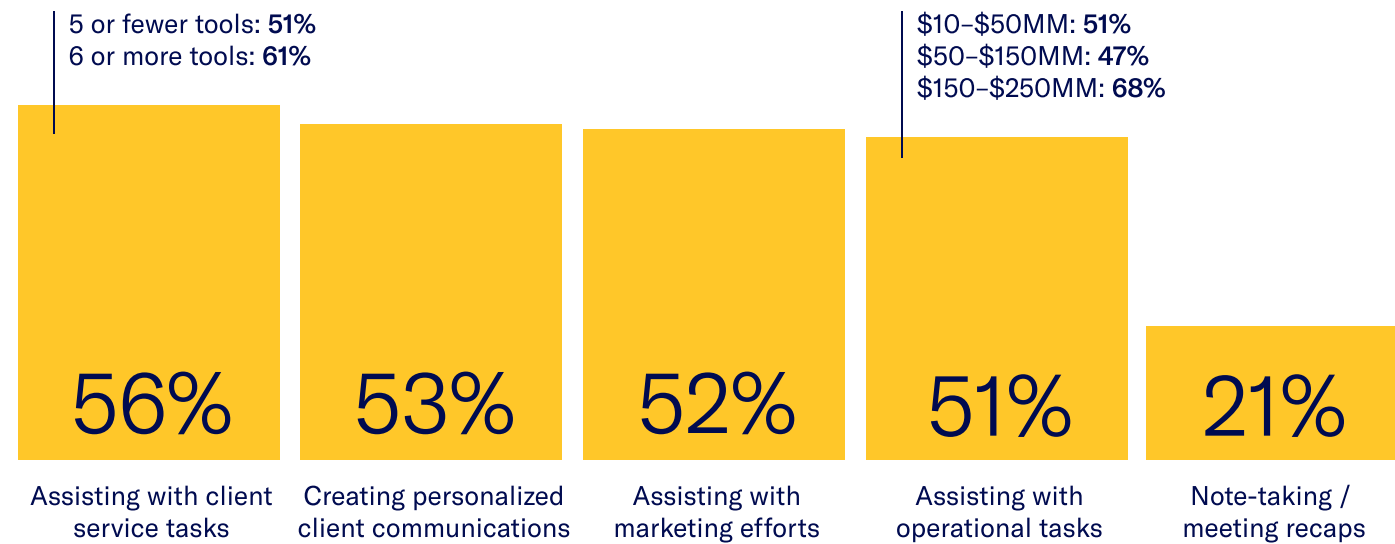
The top use cases for AI also varied by generation, with Gen X and Boomer advisors saying they were more likely to use tools like ChatGPT for creating personalized client communications.

“It is encouraging to see how many advisors are adopting AI and not running from the opportunities and efficiencies it can offer to their firms. There has been so much discourse around how artificial intelligence could put advisors out of jobs, but we prefer to think that advisors who learn to use AI at their practice will be that much more powerful and future-proofed.”

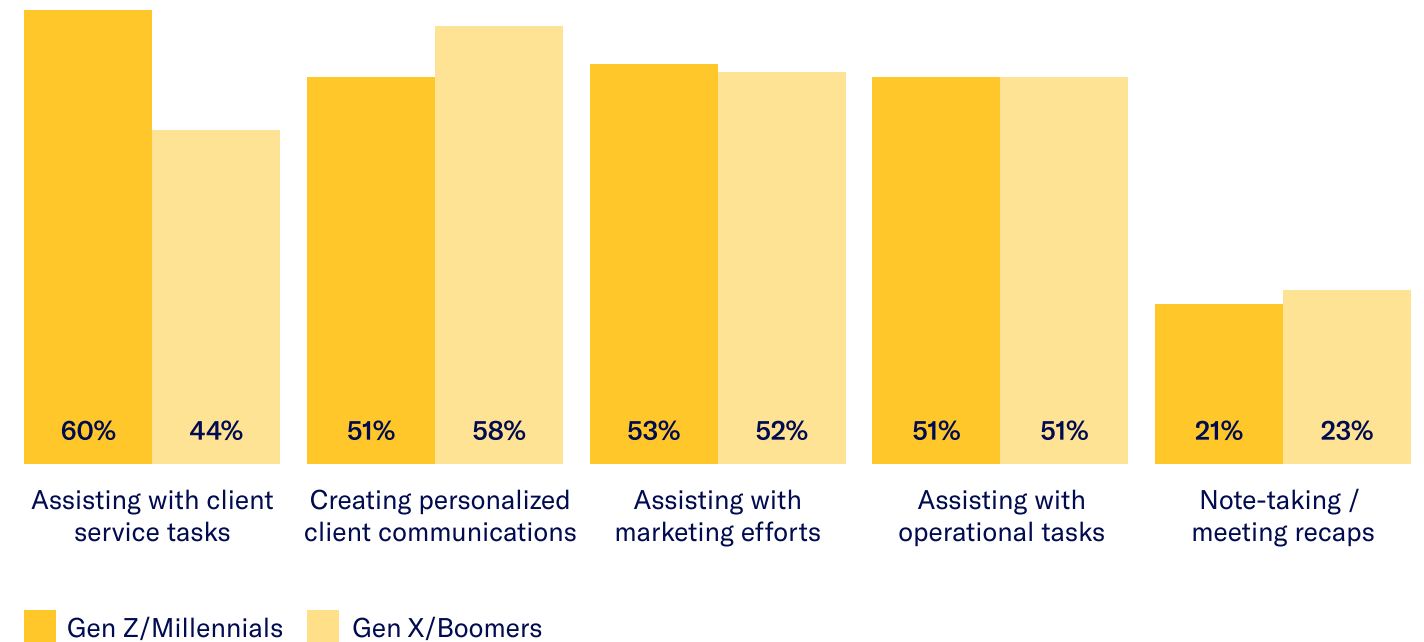
John Mileham
CTO of Betterment



What are the primary benefits of using AI?



What are the benefits of using AI? (cut by generation)

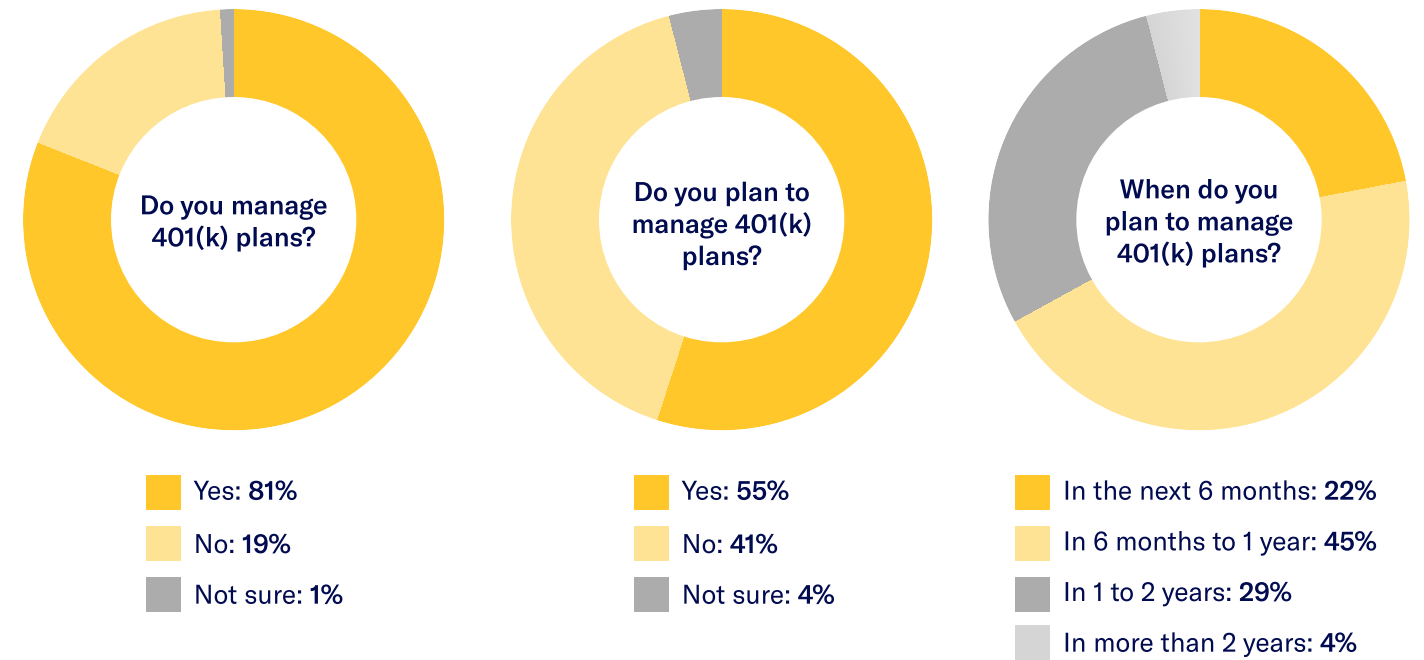


Additional industry trends

One major trend we have been monitoring has been the convergence of retirement and wealth management, with [PlanAdviser saying](#) that the trend “will continue at a strong clip in 2024 due to both market drivers and a focus on providing more holistic financial services to investors.”



Management of 401(k) Plans



We asked independent advisors about their work on 401(k) plans, 81% said they manage 401(k) plans today. Of those that do not, 55% said they planned to.

In the shadow of major industry mergers like “Schwabitrade,” we asked how independent advisors are feeling about consolidation in the industry. Overall, advisors felt positive about the change, with 61% saying they think it’s “very good” for financial advisors.

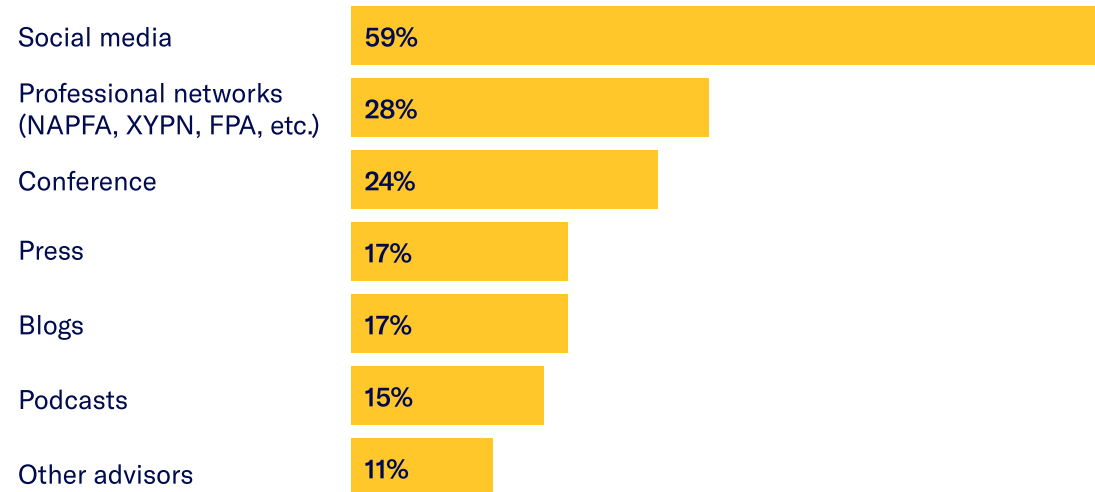
61%

of advisors consider consolidation to be “very good” for their industry

Staying up to date

Advisors overwhelmingly listed social media as their primary channel for updates and news, with 59% saying they use it to keep tabs on the industry. However, despite ranking a distant second and third, professional networks like XYPN and conferences are still key resources.

How do you stay up to date on industry changes?



“I regularly check the official blogs of major social media platforms, including Facebook Newsroom, Twitter Blog, LinkedIn Engineering Blog, and Instagram Blog, for announcements and updates directly from the platforms themselves.”

 Survey respondent

Top advisor sources for industry news

Podcasts

- Bloomberg Surveillance
- Planet Money
- SO Money
- The Dave Ramsey Show

Press

- Bloomberg
- CNBC
- Forbes
- The New York Times
- The Wall Street Journal
- USA Today

Blogs

- Advisor Perspectives
- Financial Times
- FP Pad
- Investopedia
- The Big Picture
- The Reformed Broker

Conferences

- CFA
- Financial Planning Association
- Morningstar Investment Conference
- Online conference
- SALT Conference
- Schwab IMPACT
- TED Conference
- Zoom conference

Professional Networks

- Financial Planning Association
- LinkedIn
- NAPFA
- XYPN

Social Media

- Facebook
- Instagram
- LinkedIn
- X
- YouTube

“I use LinkedIn for the latest industry insights and professional networking. It’s a gold mine for financial trends and thought leadership.”

 Survey respondent

Methodology

We conducted an online survey of 500 U.S.-based financial advisors between May 22 and May 28, 2024. There were five eligibility screeners:

- 18 years of age or older
- Full-time employees
- Registered investment advisors
- Assets under management between \$10 million and \$250 million
- At least 75% of clients based in the U.S.

The same was provided by Sago, a research panel company. All respondents were invited to take the survey via email. Panel respondents were incentivized to participate via the panel's established points program.

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