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EDITED TRANSCRIPT

LPLA.OQ - LPL Financial Holdings Inc at Goldman Sachs U.S. Financial Services Conference

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OVERVIEW:

Company Summary

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PRESENTATION

Alexander Blostein - *Goldman Sachs Group Inc - Analyst*

Okay. Good morning, everyone, and welcome to the 36 Annual Goldman Sachs Financial Services conference. I'm Alex Blostein, and I lead our capital markets research here at the firm. With no shortage of topics to discuss this year, we're privileged to host over 100 companies and nearly 1,000 investors over the next two days. We hope everyone will find this time both informative and productive.

And to kick things off, it's my pleasure to introduce Rich Steinmeier, CEO of LPL. With over \$2.3 trillion in client assets and 32,000 financial advisers, LPL is one of the largest wealth managers in the US. Over the course of the first year with Rich at the helm, LPL acquired Commonwealth Financial Network, the largest transaction in the wealth space in quite some time, continue to deliver healthy organic growth and drove innovation to their financial advisers.

We'll spend the next half an hour or so with Rich discussing his vision for LPL as well as his perspectives on the wealth management landscape broadly, welcome. Happy to have you here. Thanks for helping us kick off the day.

Richard Steinmeier - *LPL Financial Holdings Inc - Chief Executive Officer, Director*

Glad to be here.

QUESTIONS AND ANSWERS

Alexander Blostein - *Goldman Sachs Group Inc - Analyst*

So Rich, since you became CEO a little bit over a year ago, there's been a lot. It's been quite an active year for LPL between several transactions, obviously, including the largest deal LPL has done in quite some time, a bunch of strategic initiatives as well. What are some of the key lessons learned so far? And what are the key strategic priorities as you look out into next year.

Richard Steinmeier - *LPL Financial Holdings Inc - Chief Executive Officer, Director*

Yes. Well, I think maybe the first lesson learned was I was hopeful that I would like this job, and I do. So good start. I was thrust into the CEO role and came out and I joined the firm eight years ago to reinvigorate growth at the firm. And I thought we were reasonably successful.

We had begun to evolve even how we approach the market. We expanded the TAM. We expanded our affiliation models. And one of the things as you move -- as I moved into a new role was to think about, okay, what's the ambition of the firm? And we elevated the ambition of the firm.

We moved from participating in a more narrowly defined market, which is that IBD market into aspiring to be the best firm in wealth management. It's an aspiration that I think set a clear marker for our employees, made it clear for our clients the threshold that we wanted to be held to.

And as you moved into that and thought about, and I thought the firm was capable of, there are times when you have to make sure that your articulation is harmonious with where you actually kind of pour cold water on yourself and identify where your strategic positioning is. And it felt like making that assertion was the appropriate assertion to make for the firm.

And so the learnings throughout the year were: one, the strategy has been right. The strategy of building new capabilities, expanding on our leading position in the independent market, addressing a broader market set, both through advisers and institutions, felt like the right strategy. And so I think when you sit there and say, okay, our anchor point is right.

I think the second thing was I give huge credit to Dan and the team that Dan preceding me, the team in place was the right team to take this firm on that journey. And so that gives a lot of leverage as I sit in this position to say there is a fantastic leadership team at this firm. You don't have to recast the leadership team, and there's huge leverage just even in the way that we've structured it.

Matt Audette is a tremendous leader who has taken on the President as well as the CFO role. And I think that provided us the ability to begin to move towards doing ambitious things. But maybe one of the things I learned was you can't be too ambitious.

And so we needed to and we learned really quickly that we needed to focus on the important things. And for us, think about largely as we got the opportunity to get into a Commonwealth conversation and ultimately, a Commonwealth transaction, the focus of the firm being, okay, this is incredibly important. It's the largest transaction in the history of the firm. It is very complex, building new capabilities, recruiting 3,000 advisers or retaining 3,000 advisers.

And so you do also need to release your agenda and focus on those things that are core to the business. Maybe one of the other things that I had learned, and it's a new learning for me was we need to look outside of wealth management to identify where there are some of the leading companies employing hospitality principles or thinking about ways that decisions are effectively made.

And so we've had an external focus beyond wealth management and certainly beyond financial services to look at leading companies and even leading consulting firms giving us insights.

All that to be said, Alex, I came in a year ago, and we had a pretty basic formula for what we thought success was. We thought it was make sure we continue to amplify our client centricity. We have done that in spades, make sure we are empowering our employees and elevating the role that employees play in achieving our success because we have to invigorate 9,000 employees to deliver for our clients.

And then lastly, which was new at the time, and hopefully, you guys are seeing that we've stuck to this, which is improve the operating margin in the business because we thought there were some material opportunities there.

So if you take that all together, I'm proud of what we've accomplished over the last year. I feel like we've positioned ourselves for success in '26. But I would say, take those principles of simplification. We need to make sure that we continue to deliver against Commonwealth, and we continue to expand our capabilities to ensure that we are more attractive for a broader set of advisers in the marketplace.

Alexander Blostein - Goldman Sachs Group Inc - Analyst

Great. Well, that's a great setup to talk about Commonwealth. Obviously, you guys are early in the integration, but so far, it sounds like things have been done quite well. Retention has been strong. You highlighted already about 80%. So you're definitely on your way to that 90% target. As you get deeper into integration, what are some of the lessons learned there and maybe other key observations for us to focus on?

Richard Steinmeier - *LPL Financial Holdings Inc - Chief Executive Officer, Director*

Yes. I think one of the things that we learned, and I think it took us a couple of weeks to learn, but only a couple of weeks. There's -- I don't know if you've got young kids, at least you said there's 1,000 people here, somebody will have had a young kid. There's a Virginia Lee Burton book called *The Little House*. And in that house, there's a small house that's built in the countryside.

And the folks that built the house say this house will never be sold for silver or gold and our grandchildren, grandchildren's, grandchildren will live in this house. And I would tell you, Commonwealth, the advisers thought they lived in the little house, right? It was a house -- it was a firm that was never going to be sold.

And so what the implication there was, and I think we were unaware that this would be how the advisers would think. They hadn't done diligence, so often when we get into M&A conversations, there's a process being run, the firms, many of the advisers, if not most of the advisers are under the understanding that there is going to be a transaction at some point or maybe feel inevitable.

And I don't think that was the case with Commonwealth. And so we had a pretty significant learning there, which was these advisers needed to put their heads up and do due diligence. And so the pace of conversations that we anticipated we would be in and the pace of decision-making elongated probably further, certainly further than we would have anticipated because they just believed that they were going to sustain their independence.

And so there was -- that was a shock to their system. And it also truncated their ability to hear us for a little while because you got to think about that. That's an emotional event. And you feel like, okay -- and not only did they not think they were going to be sold.

And in truth, they certainly didn't think they were going to be sold to LPL. And so we had more work to do to educate them. And that's been -- that was a good learning for us. It was a good learning to understand that we needed to listen more than we talked.

We needed to actually understand that state, and they weren't ready to have commitments. And as so, I do feel good about where we stand. And we've gone through a really robust recruiting process, a really robust education process. And we thought that the competitive set was going to move forward in a pretty aggressive fashion. And so that didn't surprise us.

But I think we feel we are building towards something that the sum of the parts are going to be greater than what the whole is greater than sum of the parts. And so we're excited for the integrating the capabilities that we see at Commonwealth for bringing those capabilities back to all of our advisers. And so it's been a learning. Maybe the one other thing that I would say that we learned was, man, that firm isn't just solid gold because of the advisers they serve, the communities they've built.

They're solid gold because their home office employees are fantastic. Their commitment to their advisers to the client success, to being responsive intraday to making sure that they are wrestling to the ground any service issues that are identified that it's hard to put in words what a special culture is. And they have achieved that special culture over 4.5 decades of being committed to being excellent at serving clients. And so it's been good, but it's been work.

Alexander Blostein - *Goldman Sachs Group Inc - Analyst*

Yes. No, it's a lot. I get that. Maybe just building on that a little bit. So you're into the integration. You're now more in the process of actually onboarding some of these advisers to do that work. As you go through that process, what are some of the incremental opportunities you sort of finding underneath the surface that could further enhance either strategic or financial merits of the deal relative to what you expected? And then what are some of the risks you're still most mindful of?

Richard Steinmeier - *LPL Financial Holdings Inc - Chief Executive Officer, Director*

Yes. I'd say when we think about the opportunities, the one that has resonated is our liquidity and succession solution. And maybe for the unindoctrinated there, that is that opportunity. That is for us to actually provide the ability to move from one generation of an independent practice to the next generation. We step in the middle, provide capital.

We ultimately buy the practice. And then over time, we work with the successors to come into the practice, there is a ton of receptivity inside of the Commonwealth Financial Network because they had a nascent offering in the space, and it was still being developed.

And ours is very mature. We've done it for dozens and dozens and dozens of advisers. We have a very robust successor development program, and we have structure in how we actually work through that transition.

And so I think both financially and strategically, as we look at that, we say, okay, liquidity and succession has a real significant opportunity to be a meaningful part of the solutions that we provide as we bring the two firms together.

I think as we look at some of the risks I think the -- well, the opportunity for outperformance is probably retention. How do we continue to progress those conversations. I think you look at the macro as well. And so I think we've got some other opportunities for us to outperform against what we had expected. And then on the risk side, it's probably the flip side of that retention -- or sorry, of the risk, which is that of retention, which, again, as I said, we knew that the competitors were going to come hard.

Look, we dot a lot of eyes in the industry, and I wouldn't -- I'm not -- I don't grudge any competitor when they see an opportunity to try to dot our eye. And so we came into that with our eyes open. We knew it was going to be aggressive. We have a very competent recruiting and retention team. We know how to do this.

We've done it repeatedly. We know how to come out front-footed. And like I said, one of the things that probably was a little bit more of a variable was the duration of time, but we dedicated -- we ring-fenced the set of recruiters, very sophisticated recruiters into conversations and that marriage of the Commonwealth team with the LPL team to get into those conversations allows us to not only have here's what the capability set at LPL is, but here's those cultural retention that you're going to see through Commonwealth.

So we're now focused on, I think, that opportunity to make sure that we can demonstrate to them, I think, material enhancements in the operating environment, material enhancements in the way that they do their business, our platform and then building into kind of that super set of capabilities.

So now we're focused on building capabilities around both changing our ClientWorks core workstation -- from an account-based system into a relationship-based system. It's like a transposition of the way you think about the data orientation, which we've really wanted to move towards for a couple of years.

I think in addition to that, building a mobile client work solution. And then I think probably one of the things that will show up in spades across the board, Commonwealth is fantastic at ingesting feedback from advisers, dispositioning that -- feedback. They got 5,600 points of feedback from advisers that they then disposition, prioritize and then put that into the build cycle for capabilities. We're building a more robust version of that for -- that all of our advisers will take advantage of. And so we're deep in the throes of the capabilities build and feeling good about where we are. So cross-pollinating some of the -- (technical difficulty) that makes sense.

Alexander Blostein - *Goldman Sachs Group Inc - Analyst*

Okay. Let's pivot a bit away from Commonwealth and talk about the rest of the business. I wanted to start with a couple of questions around just institutional pipeline and future deals. As you progress through onboarding, obviously, you highlighted it's a lot of work. It obviously makes sense that you guys would push some of the larger transactions further down, but they don't disappear. Presumably, they're still kind of out there.

So as you go through this integration process, how do you envision activity in institutional channel rebuilding? And I guess, more importantly, because you've added so many different capabilities over the last couple of years, like the Pru deal in particular comes to mind, how should investors think about financial implications of future transactions from just like an incremental margin perspective?

Richard Steinmeier - *LPL Financial Holdings Inc - Chief Executive Officer, Director*

Yes, totally fair. Maybe there's a little bit in there, so let me kind of take that at a time. The first is we are the leading player in terms of partnering with banks, community banks, credit unions, regional banks, super-regional banks in terms of being their partner around an outsourced wealth solution.

Maybe the interesting thing about this timing is you've seen a lot of ambiguity around the construction and potentially M&A inside of those banks. And so at the same time that we've had to pause with intentionality to make sure it's a pretty significant build for Commonwealth that we have the build in place.

At the same time, those -- that market in terms of thinking about outsourced wealth for banks has had a bit of -- a little bit of a slowdown in itself because of the ambiguity in the construction of the actual market. And so I'm not upset that, that's kind of -- that at the same time, just kind of opportunistically as we've had to put focus and swing focus into the integration of Commonwealth, there hasn't been as much movement in those financial institutions.

And just as a reminder, that's a \$1.5 trillion market opportunity where we already have \$120 billion in outsourced wealth partnership relationships there across credit unions, community banks and then regionals and super regionals.

And so there's a bit of a slowdown. It doesn't mean that it's slowed down forever, but I think that is an interesting time for us. And so it has presented us that opportunity as we integrated Prudential, and now we've got a full year under our belt, and we feel really great about our Prudential solution. That's another \$1.5 trillion market opportunity as we think about product manufacturers and insurance providers to do the outsourced wealth solutions.

And -- as a matter of kind of reference point, when you move into a new segment like that, we moved in with a material partnership with M&T Bank in 2020. And folks waited a little bit to see how that partnership worked out. And I think M&T has been a full throated outspoken partner of an advocate for the LPL partnership.

And in the same way, as we sit one year post the integration of Prudential, I think you've seen some tremendous results occur inside of Prudential. And so they've just talked about 9% census improvement of their wealth advisers year-over-year. You've seen them talk about nearly \$3 billion in NNA into that business over the course of the first three quarters of the year. So I feel good about them being outspoken. We don't speak for our clients in that regard.

But I think they're reflecting externally that they are really hitting on all cylinders. And we're not surprised about that, but that is a really tangible proof point as we begin conversations with other product manufacturers to think about the potential of a partnership with us. So those two together give us two robust markets that we can think about.

Now again, long lead times in terms of those conversations and how we get into those conversations. But I think both of them progressing reasonably well and feeling good about the progress that gives the opportunity there.

Alexander Blostein - *Goldman Sachs Group Inc - Analyst*

How far down the Commonwealth integration do you guys feel like you need to be for some of these institutional transactions to start the material. Is it late '26, is it into '27? Do you think it could be a little bit earlier? Kind of what do you think?

Richard Steinmeier - *LPL Financial Holdings Inc - Chief Executive Officer, Director*

Alex, it depends just a little bit in terms of the complexity of what we need to do if we have devs that we have to do. And so I think our dev dance card, by and large, for incremental dev is filled up for the first half of the year, I think is the way to think about it, then we'll be in testing for the Commonwealth implementation.

But I think, -- but there are -- there can be opportunities that don't have a ton of complexity, and then there would be others. I mean, Prudential is a material development opportunity for us. And so it would depend on the complexity.

But maybe get back, I think I missed one part of your question. I think we sit and feel really good about those core investments that we made in Prudential being extensible to a next set of opportunities in that product manufacturer space.

And so because we've invested over the years, those core capabilities in terms of serving financial institutions and banks, now we've made this incremental investment in terms of product manufacturers and insurance providers. I think we do look into what are the ongoing economics as we think there, and it sits somewhere in terms of return characteristics, it's a little more expensive than regular way recruiting, but less expensive than M&A.

And it kind of slots really nicely in between regular way recruiting in terms of return characteristics. I think we talked about Prudential being that investment being 4 times EBITDA.

Alexander Blostein - *Goldman Sachs Group Inc - Analyst*

Yes. Great. All right. Well, let's talk about the regular way recruiting and the net new asset trajectory for the business. Historically, you guys have been the leader in the space, best-in-class kind of high single-digit organic growth, excluding some of the larger deals.

Over the past year or so, we've seen deceleration in organic growth at LPL, but really also across the industry, we obviously cover all your peers. Everyone had a bit of a step back in the pace of net investor growth.

Two-part question there for you as well. I guess, one, how would you characterize the drivers of industry deceleration? And I guess, more importantly, how would you frame your expectations for LPL's net new investor growth into next year, especially as you kind of start to shift some of the resources from integration back into the recruiting pipeline.

Richard Steinmeier - *LPL Financial Holdings Inc - Chief Executive Officer, Director*

Yes. In terms of recruiting, I think the reason you may have seen a slowdown is that there's actually been a slowdown in the movement of advisers. And we've seen that kind of sequentially across quarters. We're hopeful that we've hit the trough there now. But I think that's why you see that pretty consistently across most of the competitors who are talking about the movement and their participation in the movement.

Now for us, we still see that we're retaining our share of movement in the marketplace. And so we feel like we feel good about our position, the investments that we've made over the years. We've expanded our recruiting team, the size and scope of the team. We've also built capabilities and really enhanced our value proposition in the market.

So we continue over the last -- I've been here eight years. We've seen pretty steady improvement in share capture of advisers in motion year in and year out. And especially as we kind of close some of our gaps related to advisers in wirehouses, I think we have that as a point of emphasis to continue to grow share capture inside of wirehouse advisers.

But I think you identified right, and I said it a little bit earlier, we did ring-fence a set of recruiters as well. So for us, kind of probably had a double whammy. You had lower adviser movement in the marketplace, and we took some of our most sophisticated recruiters and ring-fenced them into the Commonwealth opportunity because that was priority number one. We needed to make sure we delivered against it.

And as I mentioned, some of those recruiting conversations have taken longer than -- certainly than we had anticipated for the reasons that I stated earlier. And so we still have a subset of our recruiters that are maybe not entirely ring-fenced anymore into the Commonwealth opportunity, but are still have a principal set of their kind of capacity aligned against having good conversations to help Commonwealth advisers understand what it might look like at LPL.

So for us, I think you see -- I think we see towards a trough in terms of recruiting in the year. I think we see the ability over the next couple of quarters for us to move back to full capacity in terms of our recruiting in regular way recruiting.

And I think we are as convicted as we have ever been about our ability to continue to drive and lead organic growth inside of the wealth management marketplace. We see our value proposition enhanced. I think we will deliver more capabilities in 2026 through the Commonwealth acquisition plus our regular dev than we've ever delivered before.

And I think that continues to narrow and narrow and narrow any gaps you might see to the wires. And so we are building more and more credible opportunities to bring advisers from the wires and from the regionals. We're already in our traditional markets in that independent broker-dealer market, we are still the firm that is the quality firm. We are the no-compromise independent firm.

And I think you see an increasing rush to quality with us. And so we will continue to succeed inside of our traditional markets. I think increasingly looking at penetration inside of the wires and regionals. I think that will culminate and we see and we report this and so you guys are all aware of this. We have incredible stickiness with our advisers, high NPS scores with our advisers and an improving environment for same-store sales. And so you take that all together, it says we should be able to continue to sustain our industry-leading organic growth.

Alexander Blostein - *Goldman Sachs Group Inc - Analyst*

That's great. Look, one of the things you mentioned is sort of the source of some of your organic growth has been sort of this continued innovation, expansion in new markets, et cetera. So maybe we can talk a little bit about some of these more nascent channels and some of the nascent capabilities.

You launched liquidity and succession capability. That one definite stands out. But you're also on your way to building out a bunch of other offerings, the alternatives platform, securities-based lending, relaunch of that as well is quite important.

I guess when you put it all together, what opportunities do you see this innovation unlocking? And what do you think is ultimately going to be the most needle moving from an investor perspective.

Richard Steinmeier - *LPL Financial Holdings Inc - Chief Executive Officer, Director*

Yes. I mean, I think when you think about kind of -- there's an overarching story to this firm, and it is building capabilities to be uncompromised relative to anyone in the industry. And I think that is a movement out of serving just mass and mass affluent and having advisers that are oriented there. And so you saw us make investments in an alt platform that now by the middle of next year, will be uncompromised our alt platform relative to anybody in segment.

And I think part of that is, in addition to that, is having an integrated set of banking capabilities that we're not just using third parties for those banking capabilities, but the experience is integrated inside of the core workstation. So when you think about a securities-based line of credit, you can initiate a line, you can fund that line, you can draw that line, you can pay off that line, you can close that line, all integrated.

And today, for us, very infrequently are you swivel chairing as an adviser inside of our environment. But sometimes right now inside of our banking capabilities, you are having to swivel chair into a third party's experience, and that won't be the case by next year as well.

And so as you stack that together plus a set of capabilities to serve high net worth investors with complex planning capabilities, needs, estate planning capabilities, tax planning capabilities, tax optimization, that's a set of capabilities that we build. You stack those three together, what we're talking about is materially going after that \$5 trillion high net worth ultra-high net worth segment that has been outside of our reach historically because of our -- we had a lack of capabilities.

And as you look at that, you see the more sophisticated players in our space running into high net worth and ultra-high net worth. And I would tell you, you can run, but you can't hide. I mean we are coming there solidly. We are moving step by step, day by day stacking capabilities every single day. We out-invest every other firm in capability development and wealth management.

And so as we do that, we have closed gaps. We are distancing gaps relative to those competitors that we have historically been oriented with, and we are closing material gaps relative to the firms that are perceived as more sophisticated, and we are driving what we think will be high net worth oriented advisers to be incredibly attractive to this firm.

And it's not just capabilities because you marry those capabilities with an independent ethos, which means you have the flexibility to run your business exactly how you want to run it. You have differentiated economics that are materially higher than you would have at your existing firm. You own your own business. So as you think about that monetization of your business, and so many of these folks are moving towards passing that their largest asset on, you're thinking about you own that business to sell and you don't have restrictions on who you serve.

And so if you move into a channel like ours and you're serving high net worth investors, that doesn't mean you can't serve someone below \$250,000, you can't serve someone below \$500,000. Look at it. Those are the restrictive policies that continue to come out. We don't have those restrictive policies.

So this is truly a best of all possible worlds. And I think increasingly, we are getting into conversations with billion-plus sophisticated high net worth teams who realize that we are the firm with the strongest value proposition now.

But I would say this, admittedly, our brand has not been as present in the marketplace, right? And so the investments we have made over the last year to bring our brand forward has begun to change aided and unaided brand awareness for end investors. And that's what those high net worth and ultra-high net worth oriented advisers need is often there's a hiccup when it comes to their largest clients saying, I'm not sure who LPL is. It's why we chose Anna Kendrick. She's fantastic. And we will continue. We just spent yesterday, we were in Times Square and unveiled more of that campaign that is coming forward. And I'm really proud of the material enhancements we made in aided and unaided awareness of end investors and consumers.

You marry all of that with Commonwealth's exceptional service as we bring that special sauce that Commonwealth has delivered into our service experience, I don't know who's going to compete with us, but I feel really good about going toe-to-toe with any firm.

Alexander Blostein - Goldman Sachs Group Inc - Analyst

That makes a lot of sense. Let's spend a couple of minutes on pricing. You guys announced several pricing changes across the platform. I guess, first, maybe help level set for us why that was the case and what was the rationale behind it?

And I guess, more importantly, what are some of the other potential levers do you see in the business to drive incremental monetization within the existing customer base? And you talked about some of them already. So whether it's alts or securities-based lending, that is probably part of that. But maybe you could expand on the kind of pricing and monetization opportunity.

Richard Steinmeier - LPL Financial Holdings Inc - Chief Executive Officer, Director

Yes. I think, Alex, you hit it right. This for us was about operating margin improvement. And as you think about it, you're going to look at enhanced monetization as well as you're going to look at efficiencies. And so we've talked about some of the things, and you can think about it in terms of banking even driving improved monetization.

And so you think about product sponsor conversations as we move from -- 15 years ago, we went public and we had \$300 billion in AUM, and now we have \$2.3 trillion in AUM. We're having much more meaningful dialogue with our product sponsor partners around, okay, we're a critical partner of theirs. And so I think we continue to push on monetization there as well.

But you mentioned we have felt like over the last several years, and hopefully, if you're tracking to this and you believe me, we have built capabilities that are very differentiated from where this firm had been before. And we've always had a value proposition that I think was best-in-class in terms of those elements I just spoke of, but also the economic exchange for financial advisers.

And so when you see -- when you talk about value exchange and we continue to make material investments in capabilities, there is an opportunity to just look at how that value exchange is positioned in the marketplace.

And so last year, we made some moves around our production bonus. We made some other changes around our business solutions, pricing to make sure that they were priced appropriately to our advisers. And then we took feedback, and we understood how the advisers received that, and we went into a next leg on our journey.

And the first part of that was looking where the puck is headed, and that is movement from brokerage to advisory and increasing to press our advantage in terms of reducing pricing and advisory platform fees, simplifying those pricing fees.

And I think our advisers saw and received that incredibly well. At the same time, as we scanned and look at opportunity sets, we saw that in terms of brokerage, we saw that we were out of market relative to competitive set and said, okay, we're going to make some moves in terms of brokerage account fees.

And we took that. And net-net, you take those two together and you still saw operating margin improvement there, you'll marry that for us with a continued focus on that op margin improvement from an expense standpoint.

And I think what you get out of this is this isn't kind of a onetime 2025 focus, what can we achieve. This is a material commitment across the entire leadership team that extends to the firm to make sure we're running a firm with great intentionality that is client-centric, that elevates our employees, but also focuses on operating margin with great intentionality.

Alexander Blostein - Goldman Sachs Group Inc - Analyst

Yes. You mentioned operating margin a number of times. So maybe we can head for a quick turn on that as well. So clearly, lots of progress. You made some changes. That obviously got elevated into a broader role and sort of some of those efficiencies cascaded throughout the organization.

As you think about the G&A expense growth over kind of a multiyear basis, what does that look like? I mean I know you said this is not an anomaly, 2025 is not a one-off. But how do you think about just kind of the normalized pace of G&A growth?

Richard Steinmeier - LPL Financial Holdings Inc - Chief Executive Officer, Director

Yes. I mean, I think it was a pivot for us. I mean, we've made investments over the years, and we knew they were going to pay off. But I think the intentionality that we looked at every single dollar that was spent and invested and made sure it was the highest and best usage. And those investments that were made in the past, are they still paying off in the way that we would want them to pay off?

Those are decisions that you have to make to say, we're going to discontinue doing things that we had done in the past. And if that isn't making the contribution that we had thought, it doesn't always have to be that to do new things, you have to have incremental investments.

And so we -- I think we came through and that was a pivot. We've always been a high-growth firm. We've always been building towards capabilities. And now we want to be a high-growth firm with an incredibly strong value proposition to advisers that is really focused on running an efficient business.

And so you've seen that, I think, pay off with guidance continuing to come down on core G&A quarter in and quarter out. I'm not here, I'm not the one that does it. I'm not here to set guidance for 2026. But I think that is an anomalous. That is a change in the perspective of the way we run the business and the choices that we have in front of us.

And I think there are more investments that we've actually been making over the course of '25 that will pay off in '26, '27, '28. And so we're looking at a multiyear journey around continuing to improve op margin. But yes, it's weird because I don't think a year ago, I set up here and probably there were very few words I said more than op margin on that stage, which would be odd for me because I think I was the guy that was meant to be the growth cowboy.

Alexander Blostein - Goldman Sachs Group Inc - Analyst

You're a growth -- (multiple speakers)

Richard Steinmeier - LPL Financial Holdings Inc - Chief Executive Officer, Director

I know. There is a great linkage between operating margin and your ability to continue to drive growth. Because as we continue to be as efficient as possible, it gives us greater flexibility to invest in capabilities. It gives us greater flexibility to make sure we're making investments in pricing, right?

And so -- but we've just got to be maniacally focused on driving an efficient business. And that is kind of across the Board. I can tell you that the management committee has that mantra. We are aligned together against the common goal of continuing to improve that op margin. And I'm really proud, and you go back to it, that is like if you look where the marriage of having a CFO who is also the President, it fits together really nicely because he runs nearly half of the employees of the entire firm.

And so much of the opportunities for us to improve our experience and drive efficiencies sit inside of his mandate. And so there's a great harmony in that construct with Matt, and he delivers and his teams deliver. And so as we think about objectives, those aren't pie in the sky objectives, we achieve them.

So I'm proud of the progress we've made. I think what we see is there is -- this is a journey for us. And '25 was a good year, and I think we said it. And then hopefully, you guys have seen that when we say some things, we'll deliver against them. And this is the beginning of that journey.

Alexander Blostein - Goldman Sachs Group Inc - Analyst

I think we're out of time. -- I think this is a great note to end on. So thank you so much for doing this. Great to see you.

Richard Steinmeier - LPL Financial Holdings Inc - Chief Executive Officer, Director

Yes, you too.

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