
Advisor headcount to shrink through 2017

By Editor Test Thu, Sep 19, 2013

Since peaking in 2005, the industry has shrunk by a net 32,000 advisors. Some simply aren't needed. Competition and "underwhelming" client demand have caused firms to lower the supply of advisors, according to Cerulli.

The number of financial advisors, including brokers, agents and investment advisors, will shrink through 2017 as the industry continues to shed older advisors and marginal producers, according to Cerulli Associates, the global analytics firm based in Boston.

"By 2017, the industry will shed more than 25,000 advisors, down to just over 280,000," said Sean Daly, a Cerulli analyst, in a release. "This reduction is largely due to retirement without sufficient backfilling of new advisors, and to a lesser extent, trimming of advisors with insufficient production. Headcount losses will accrue from the wirehouse, independent broker/dealer, bank, and regional channels."

Cerulli's most recent U.S. report, *Intermediary Distribution 2013: Managing Sales Amid Industry Consolidation*, focuses on financial products and distribution, including market-sizing, advisor product use, and asset manager sales forces.

"The insurance channel accounts for the largest portion of the advisor population. The registered investment advisor and dually registered channels were the only sources of headcount growth in 2012, but together they amount to only 15% of the industry's advisors," Daly said. "The independent broker/dealer channel experienced the largest market-share change over the last few years."

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