As DOL ponders fiduciary proposal, retail channel assets grow

By Editorial Staff *Fri, Oct 23, 2015*

"U.S. retail channels have exhibited strong growth in recent years, driven primarily by Baby Boomers transitioning assets out of traditional institutional channels, such as 401(k) plans," said Jennifer Muzerall, senior analyst at Cerulli, in a release.

Retail assets now account for nearly half of the assets in the asset management industry in the United States, according to the latest research from global analytics firm Cerulli Associates.

Much of the growth in retail assets has come through rollovers from 401(k) plans, and this is precisely the money targeted by the current Department of Labor proposal for reducing conflicted advice to IRA owners by requiring commissioned brokers to sign a pledge to act in their clients' "best interest."

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"The narrowing gap between retail and institutional assets is the result of a myriad of factors," Muzerall continues. "Since the financial crisis, retail investors typically have had more exposure to equities as compared to institutions, which has paid off given strong equity market returns over the past few years.

"Diminishing asset pools within certain institutional channels may also be reducing the gap. Fund managers' focus on making historically institutional strategies (i.e., alternatives) available to retail investors through mutual funds and ETFs is also driving growth of retail assets."

As of year-end 2014, the size of the U.S. professionally managed market reached $38.6 trillion, showing 6.5% growth year over year. Continued strength in U.S. financial markets has contributed to an increase in assets across all retail and institutional channels. If you include individual stocks and federal defined benefit plan assets, the total U.S. asset size is $50.5 trillion. The ten channels noted in the chart on today's RIJ home page account for about $26.4 trillion of the total.