Babybust? Only 11.7% of financial advisors are under 35: Cerulli

By Editorial Staff *Thu, Mar 8, 2018*

'The industry has been scrambling to find a proactive solution to this demographics problem,' said Marina Shtyrkov, a Cerulli research analyst in a release.

The average financial advisor is 50 years old and only 11.7% of advisors are under age 35. In addition, 28% of advisors who are within 10 years of their own retirement are still unsure about their succession plan, according to new data from Cerulli Associates, the global research firm.

“The industry has been scrambling to find a proactive solution to this demographics problem,” said Marina Shtyrkov, a Cerulli research analyst in a release. “Advisors who are 55 years or older manage 36.9% of assets and comprise 39.2% of headcount.”

“Filling the pipeline with quality talent poses a challenge for broker/dealers (B/Ds) and independent firms. Advisors and B/Ds should consider how existing compensation models, work/life balance expectations, training support, mentoring, and company culture meet younger generations’ needs,” she added.

“As a critical succession cliff approaches and aging advisors begin retiring in greater numbers, younger advisors and candidates will increasingly wield stronger leverage. Firms will need to take their preferences into serious consideration because this next generation will ultimately shape the financial advice business,” the release said.

“Building and managing a team poses a challenge for advisors. The skillset needed to perform well as a financial advisor differs from the one needed to be a good leader and manager. Advisors who excel in their day-to-day work with investments or financial planning can struggle to groom junior advisors and hire quality staff. A lack of clear communication regarding expectations, goals, and a path for growth can derail junior advisor hiring attempts,” the release continued.

“Home offices need to provide advisors with extensive guidance and support for hiring and onboarding rookies,” added Kenton Shirk, director of Cerulli’s Intermediary practice. “A mis-hire could cause substantial disruption and distract a lead advisor from his or her core responsibilities. Advisors especially need help developing career paths to groom rookies over a period of time, and they need guidance on how to be an effective mentor.”

Cerulli’s latest report, U.S. Advisor Metrics 2017: The Next Generation of Planning, discusses advisors’ expansion of comprehensive financial planning offerings in response to competitive pressures, the consolidation among advisor practices, and a continued increase in succession awareness.

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