More Boomers + fewer advisors = robo-advice?

By Editorial Staff *Thu, Dec 31, 2015*

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With financial advisors retiring as fast as Boomers, it's little wonder that robo-advisors and related "digital advisory solutions" have sprung up to fill the growing gap between the supply of retirement planning advice and the potential demand for it.

This trend apparently has been underway for some time. The number of U.S. financial advisers fell for the fifth straight year as the industry suffers a continuing wave of retiring veteran advisers, according to a report this week by the Boston-based research group Cerulli Associates.

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The decrease held steady from 2013, when adviser headcount also fell by 1.9%, but researchers say attrition through retirement will continue to shrink the industry. Nearly half of all financial advisers are over the age of 55. Over the next decade, Cerulli expects nearly 100,000 more brokers to retire.

Cerulli's data comes from surveys of 7,000 advisers across banks, brokerages, insurers and other investment firms. The research firm has tracked adviser population figures since 1992.

Only two types of advisors—registered investment advisors (RIAs) and "hybrid advisers"—saw their sales force increase in recent years. RIAs are independent wealth managers who collect fees as a percentage of client assets. Hybrid or dually-licensed advisors collect fees on a client's assets as well as commissions on securities trades. Cerulli Associates' Kenton Shirk said he expects the numbers of RIAs and hybrid advisors to continue growing over the next five years.