Retirement Income
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Two new reports analyze advisor needs and job switching

By Editorial Staff *Thu, Apr 12, 2018*

Advisors are switching firms, Fidelity says, and broker-dealers with more tech and resources are best able to attract them, according to Cerulli.

As broker-dealer advisors do more planning, they increasingly look to their home offices for technical support and resources, according to Cerulli Associates. Client demand, regulation, and competition from digital, low-cost providers are driving the trend.

“Sixty percent of advisors agree that client demand for financial planning is increasing and that their financial planning process differentiates their practice from other advisors,” said Marina Shtyrkov, a research analyst at Cerulli, in a release. “Those that have the scale to invest in building and maintaining this support” will have a competitive edge.

“Many [smaller] RIAs lack centralized planning support and, instead, partner with third-party firms for additional resources,” she added.

B/Ds with scale “can hire advanced planning teams of financial planning specialists that… employ CPAs who specialize in tax efficiencies, attorneys with estate planning backgrounds, and CFP professionals who can help clients with complex planning issues, such as concentrated stock options and business planning,” the release said.

For more on this topic, see the second quarter 2018 issue of The Cerulli Edge – U.S. Advisor Edition, which discusses the evolving fees for financial planning and other services in response to providers’ profit pressures and clients’ concerns about the value received.

Fidelity’s survey of ‘Movers’

More than half (56%) of advisors considered switching firms in the past five years, and nearly one in four (23%) (the “Movers”) actually made a move during that time, according to the latest Advisor Movement Study from Fidelity Clearing & Custody Services, a unit of Fidelity Investments.

The study also found that Movers are now transferring more assets when they move to a new firm: $75 million in median assets in 2017 versus $37.5 million in Fidelity’s 2012 research.

Movement to independent channels is increasing, a Fidelity release said. RIAs and independent broker-dealers are the top destinations, with 64% of Movers choosing one of these channels—up from 50% of Movers in Fidelity's 2015 Advisor Movement research.

Overall, Movers' peers—advisors on their team, former colleagues who moved or advisors who work for the firm—influence their decisions to switch; 63% of Movers identified those groups as influential to their decision in 2017, versus 50% in 2012.

Almost half of Movers (47%) moved along with a team in 2017, versus 34% in 2012. Advisors moving to an independent broker-dealer more often depart as a team versus other Movers.

Regulatory uncertainty due to the Department of Labor's Investment Advice Rule was on advisors' minds when surveyed, according to Fidelity. Nearly a quarter (24%) of Movers mentioned it when describing the market landscape when they considered switching, as did 47% of advisors who had seriously considered or are still considering a move.

Fidelity also surveyed advisors on the recent decision of some firms to leave the **Broker Protocol**. After the news, the majority of advisors who recently switched or are considering switching said it would have only a moderate or no impact on their decision. Just 30% of advisors felt that the news would stop advisors from switching firms.

Fidelity will further explore advisor movement at the company's 11th Annual Recruiters Summit being held this week in Boston.

Fidelity has $6.9 trillion under administration, including managed assets of $2.5 trillion as of February 28, 2018. The privately-owned company serves more than 27 million individuals, 23,000 sponsors of employee benefit programs, and 12,500 financial advisory firms.