



The Age of the Advisor

Most people have seen some form of marketing material from a financial advisor over the years, but what may be of more significance is not the material presented but the age of the presenter.

When prospective clients seek out advice from a financial advisor it might require a new series of questions not just in regards to their own retirement plans, but about the advisor's as well. When the National Association of Personal Financial Advisors was founded in 1983, the average age of a financial advisor was around the mid-30s. Now, almost 30 years later, the average advisor is in his or her mid 50s. In fact, a study by Cerulli Associates recently concluded that roughly 16% of advisors are 60 years of age or older. More importantly, less than 21% of all advisors are ages 40 and younger.

Regardless, it is fairly easy to conclude from these numbers that most financial advisors may be progressing into retirement sooner rather than later. What is concerning to most is that the average age is rising almost exactly one year for each calendar year. Only 10.3% of registered investment advisors are thinking about succession; however the majority of advisors over 50 have an estimated date of when they would like to retire. At the same time, there is evidence that more Americans (the so called "Baby Boomer Generation") will seek the advice of financial advisory professionals over the next decade more than in any previous decade before. Add the two together, and the next 10 years could offer the greatest supply/demand challenge the industry has ever faced.

So how does this relate to me and what can I do about it?

From a client perspective, you should be aware of what plans your advisor has on exiting the business and when. You will want to know what to expect during this transition and you'll want to be comfortable that your expectations will be met.

As a multigenerational family firm, we feel we have the ability to span all ages and maintain complete continuity. This is important because you don't want to go through the growing pains of starting a new relationship and hoping that a new advisor grasps your particular financial situation in the most important financial years of your life.

Sources:

Cerulli Quantitative Update Advisor Metrics 2011 – Released December 2011

Moss Adams/InvestmentNews 2010 Financial Study of Advisory Firms

Developing a Sustainable Business and Succession Plan – Pershing Advisor Solutions LLC January 2012

IMCA 2011 Membership profile www.IMCA.org

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