



Advisor Metrics 2013

Understanding and Addressing a More Sophisticated Population

Overview

This annual report, in its tenth iteration, highlights our quantitative coverage of U.S. financial advisors in all channels. The report provides analysis of advisor attributes (career path, licenses, designations, business models, specialization), their books of business (assets under management, client details, compensation, product and advice offerings), and practice management issues (time allocation and compliance constraints). The report also addresses the consumer perspective, and advisors' portfolio construction processes.

Data included in this report is compiled from proprietary surveys of more than 8,000 financial advisors and RIAs, asset managers, and mutual fund and variable annuity wholesalers.

Benefits

- Analyze product positioning among advisors
- Develop hiring strategies to increase and retain talent
- Review advisor segmentations for strategic planning
- Create actionable business plans by channel
- Gauge which services are most important to advisors
- Understand the portfolio construction decision-making processes

Questions Answered

1. What is the best way for asset managers to address mega advisor practices?
2. Which channels do advisors prefer when looking to change firms?
3. What types of support do advisors look for when evaluating managed account platforms?
4. How can managers partner with broker/dealer specialists to get in front of advisors?
5. What financial planning services are being added by the industry's top advisors?
6. How is the industry handling a declining advisor headcount?
7. Which advisor segmentations are most addressable?
8. How are advisors allocating their time?
9. How many client relationships do advisors manage?
10. How are advisors incorporating fee-based managed accounts into their practices?
11. Which firms and channels are most likely to see the greatest asset growth?
12. What challenges pose the greatest risk to advisor practices?



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11 pages of report content attached

207 pages, 152 exhibits

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- Key Findings
- Online access to 14 related reports
- Analyst support

Research Included with Subscription

A subscription to this report remains active through 12/16/2014 and includes online access to the following related Cerulli research:

- Nine years of Cerulli Quantitative Update: Advisor Metrics
- Advisor Portfolio Construction Dynamics
- Advisor Migration: The Changing Landscape of Retail Distribution 2009
- Financial Planning: Trends in Advice Delivery 2008
- Value of Advice 2003
- Transitioning from Commissions to Fee-Based Pricing: Issues and Strategies 2003

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**The Cerulli Report
Advisor Metrics 2013:**

Understanding and Addressing a More Sophisticated Population

EXHIBIT 9.11

Breakdown of Clients Moving with Advisor by Channel, 2013

Sources: Cerulli Associates, in partnership with the Investment Management Consultants Association, WealthManagement.com, Morningstar, FSI, and On Wall Street

Client Outcome as a Result of Advisor Move	Bank	Wirehouse	Regional	Insurance	IBD	Dually Registered	RIA	All Advisors
Client moved with me to my new firm	45%	80%	79%	58%	76%	78%	60%	71%
I chose to leave the client behind	23%	9%	8%	15%	10%	10%	16%	12%
My contract with my former employer prohibited me from pursuing the client	21%	3%	3%	21%	9%	8%	17%	10%
Client refused to move with me to my new firm	5%	4%	5%	3%	3%	3%	3%	4%
My former firm actively recruited the client to stay	5%	4%	4%	3%	2%	2%	3%	3%
% of targeted/allowed assets transferred	81%	91%	89%	90%	93%	95%	91%	91%

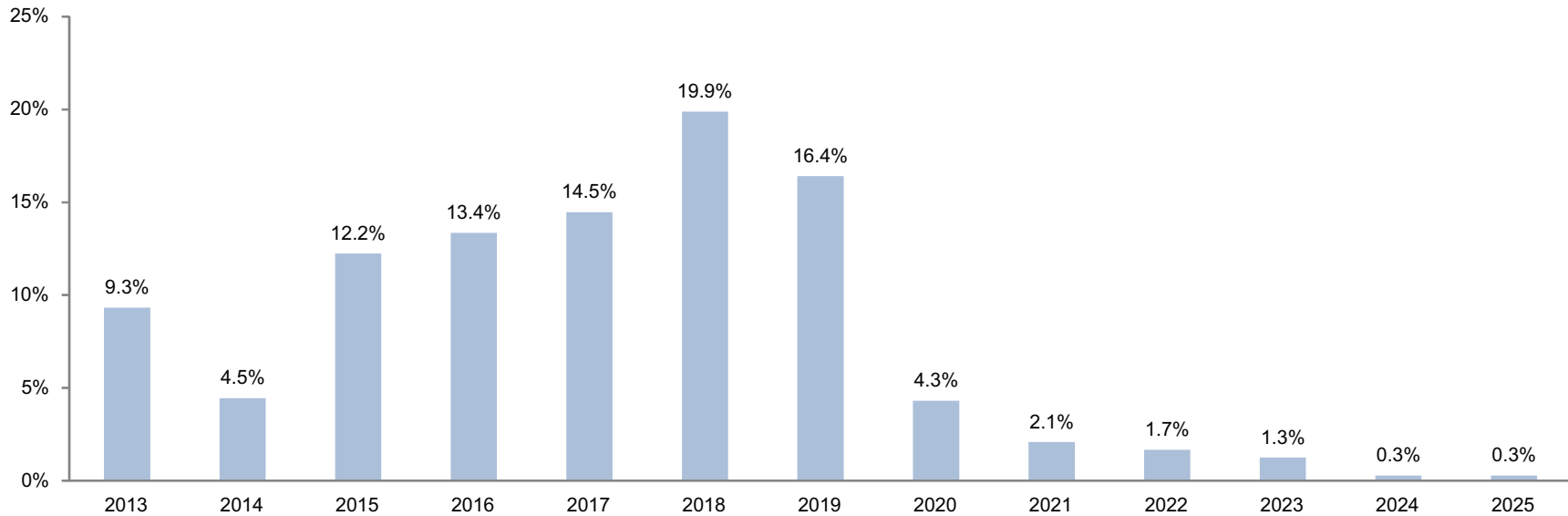
- Overall, advisors indicate success in transferring over 90% of their targeted assets when changing firms. Bank advisors report the lowest transition rates (45%) due to a combination of advisor choice (23%) and contractual limitations (21%).

Key Implication: The ability of advisors to bring client assets with them when changing firms has been the fuel that has stoked recruiting fires in recent years. Rather than investing heavily in new advisor training and development, wirehouse firms have used lucrative signing packages to maintain marketshare as best they could. With regulators investigating options to inform clients about the nature of these deals, there is the potential that investors could become less loyal to their advisors with this knowledge. However, investors have consistently expressed high levels of trust in their personal advisors regardless of their parent firm affiliation and little interest in exploring disclosure documentation. Cerulli believes any additional recruiting compensation disclosures will have little effect on investor loyalty rates.

EXHIBIT 9.13

Existing Wirehouse Retention Deal Expiration Dates, 2013

Sources: Cerulli Associates, in partnership with WealthManagement.com



- Nearly 20% of surveyed advisors report that their existing retention deals expire in 2018, with an additional 16% set to roll off in 2019.

Key Implication: As the size of recruiting packages increased, so did the length of advisors' commitment to the granting firm. Eight- and nine-year deals became commonplace in the wirehouse channel and we can see the effect of these deals, with significant expirations five to six years in the future. Cerulli believes recruiting packages are a key element of maintaining marketshare in the wirehouse channel, but may ultimately undermine the relationship of the advisor and the firm. While a portion of those advisors who took big deals may stay with the firm over the long term, many others will take the next opportunity to move on to the next wirehouse or explore the independent options. Firms must use the time with advisors to make their best efforts to convince them that the benefits they provide outweigh the potential remuneration of another move.

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