Wealth Management Mergers At All-Time High in 2016

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A stronger economy and more financial advisors retiring contributed to record merger activity among independent wealth management practices last year, according to a recent report cited by Reuters and published on FA-IQ's resource center, ThinkTank.

At least 138 independent advice firms changed hands in 2016 — a 10% rise over the year prior, according to a report by consulting firm **Echelon Partners** cited by the newswire. The actual number of mergers is likely even higher, Echelon says, because private firms don't have to report deals and many acquisitions between small players aren't announced. Echelon's study included firms managing at least $100 million in client assets and found that nearly 17% of the deals involved firms managing more than $1 billion, Reuters writes.

The jump in merger activity is due in large part to an aging advisor workforce, Reuters writes: around 43% of financial advisors are 55 and older. And many older advisors sell their practices prior to retiring in order to ensure continuity for their clients, according to **Dan Seivert**, Echelon's chief executive, Reuters writes.

Gains in the stock market, meanwhile, convinced many advisors that 2016 was the best time to sell, Seivert says, according to the newswire.

The majority of last year's acquisitions were made by other independent wealth management practices, but Echelon also found more than 60 private equity firms involved in the deals, according to Reuters.

Interest from private equity players, who are focused on growth and returns, is likely to drive up competition in the independent wealth management space, according to Seivert, the newswire writes.