Indie Wealth Shop M&A Up 10% in 2016

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Independent wealth management firms boosted their merger and acquisition activity last year by 10% to hit a record 138 deals, according to a report by consultancy **Echelon Partners**. So reports Reuters.

The actual number of deals is likely much higher: Echelon tracks deals involving $100 million or more in client assets. One-third of the private wealth managers doing deals last year oversaw client assets of $1 billion or more. As well, private firms aren't required to report M&A activity, and some smaller mergers may not be publicized, Reuters reports.

It's the fourth straight year that M&A has increased in the independent wealth space, says Echelon.

The greying of advisors – about 43% are now 55 or older – helped fuel deals as private shop owners prepare to retire or consider their succession plans. The buoyant stock market also presented a good opportunity for owners to wring the most cash out their businesses, Echelon CEO **Dan Seivert** tells Reuters.

As well, purchasers found banks had loosened the purse strings, making it easier to get financing for acquisitions. The deals also made sense in the stronger economy.

Buyers were most often other independent wealth management shops. However, more than 60 of the deals done in 2016 involved private equity firms, with buyout shops chowing down on the billion-dollar or larger wealth businesses, Reuters reports.

Private equity is "playing a larger role," says Seivert, adding the arrival of the buyout pros will make for a testier playing field overall.

Private equity's own growth and return expectations make them "more forceful in making growth happen. That makes for more powerful competitors," Seivert tells Reuters.