

A THIRD OF ADVISORS WANT TO RETIRE IN TEN YEARS

2.4.14 Originally Published by Tom Coyle, Financial Advisor IQ

It's well known that the U.S. financial-advisor population is graying, but one research firm's take on how soon many of them may be calling it quits could come as a shock.

According to Cerulli Associates, almost a third of them plan to be out of the game by 2024. On average, financial advisors in this country are around 50, according to other industry studies.

As a result, "the need for succession support is growing," Cerulli associate director Kenton Shirk says in a press release. "Finding a suitable succession partner can be a major hurdle that frustrates advisors early in the process."

Only 29% of advisors — young, old and in between — have defined or finalized a succession plan, says research firm Accenture. Other observers say that's too optimistic. When you filter out advisors who confuse succession plans with continuity plans, the actual rate of succession-preparedness among advisors plummets to the point where only 25% of advisors over 70 have real succession plans, according to **Echelon Partners**, a Los Angeles-based investment bank that works with wealth and investment managers.

The practice-management problem here is twofold. First, finding "a suitable succession partner can be a major hurdle that frustrates advisors early in the process," says Shirk. Next, he says "it can take a year or longer to fully execute a succession plan." Adds Shirk: "The process can be especially difficult for those advisors with a unique specialization, diverse business lines, or a secluded location."

Emotions can be another barrier to successful succession planning, says Shirk. Advisors who don't take careful and accurate stock of their feelings about stepping down — or not stepping down soon enough, if the plan calls for a protracted handover — are flirting with failure. Shirk recommends "advisors thoroughly envision their retirement before jumping into succession planning" to "help them identify how they can maximize the benefits for themselves, their clients, and their families."

Further, even if clients and staff don't raise the topic of your replacement, you can rest assured it's on their minds, since it directly affects their financial well-being. As a result, advisors who don't "communicate their future plans with key stakeholders" could start seeing staff and clients depart. By the same token, once a

succession plan is agreed on, advisors should waste no time acquainting successors with customers and coworkers.

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