

Aging Investment Advisers A Factor In Online Growth

BY DOUG TSURUOKA
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Is your broker getting a bit... old?

Good chance, says a study this summer by Celent. The research firm says many baby boomer-era advisers are past or near 60 and preparing to retire.

But even brokers who might not have considered retiring are having second thoughts, Celent found. The recession forced many investors to move to cash, thinning investor advisers' client roles and prompting many to consider retirement, the firm found.

These trends, it says, will help e-brokers, who will become the providers of choice for do-it-yourself investors.

"You have brokers retiring and lots of investors out there who want to take control of the investing process. That's certainly going to benefit Schwab^{SCHW}, TD Ameritrade^{AMTD} and other online brokers," said Raymond James analyst Patrick O'Shaughnessy.

Also, few online brokers were hurt much by the mortgage meltdown. Most weathered the storm.

So, online brokers are ready as the retirement of aging investment advisers stirs a shift in client demographics. As older advisers retire, Celent says demand for professional advice will come increasingly from households with assets of \$1 million-plus.

And these customers often have

sizable investment portfolios.

Of course, many investors will still want traditional brokers.

"The demand for advisers isn't going to go from 100 to zero," said Samir Misra, a partner in the corporate and institutional banking practice of management consultant Oliver Wyman. "There's always going to be demand for good advice provided by experienced advisers. But there will be (more) automation and self-service in investing."

Going Solo

Another trend is helping online brokerages. As traditional financial firms have cut their work force, more investment pros have opted to go it alone. And some are tapping e-brokers for services.

"Schwab and TD Ameritrade are providing back-office services for those folks," O'Shaughnessy said.

Schwab launched an adviser Web site last quarter that offers features that help independent advisers use client data in more flexible and efficient ways.

Wall Street's financial industry is recovering, but the hiring of the boom years of the 1980s and '90s likely won't return, Celent says.

Many traditional brokerages that formerly trained large numbers of advisers have halted the practice due to cost and slumping business in the wake of the financial crisis.

This leaves more opportunities for e-brokers to take up the slack, Celent says.