

# NextGen challenges for RIAs



Meeting the needs of future clients

May 9, 2018

# Executive summary

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*Independent registered investment advisors (RIAs) must adapt if they hope to attract a new generation of clients.*

- RIAs predict 41% of clients will be Gen Xers and millennials in 5 years, up from 30% today
- Boomers are expected to drop from 46% today to 43%, and seniors will fall from 23% to 14% of clients
- #1 plan for attracting younger clients—change marketing/networking

*Amid worries that substantial wealth will leave their firms when older clients pass on, RIAs are doing the following to attract younger clients:*

- 47% are looking at new pricing, be it flat fees or other adjustments
- Nearly 40% are advising 401(k) plan participants
- More than one in 5 are lowering asset minimums

# Executive summary

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*RIAs say succession planning and hiring are top challenges. To address them:*

- 30% are hiring younger advisors and 24% are hiring college interns
- One in 5 plan to hire mid-career changers

*That said, not all RIAs are tackling NextGen challenges head on:*

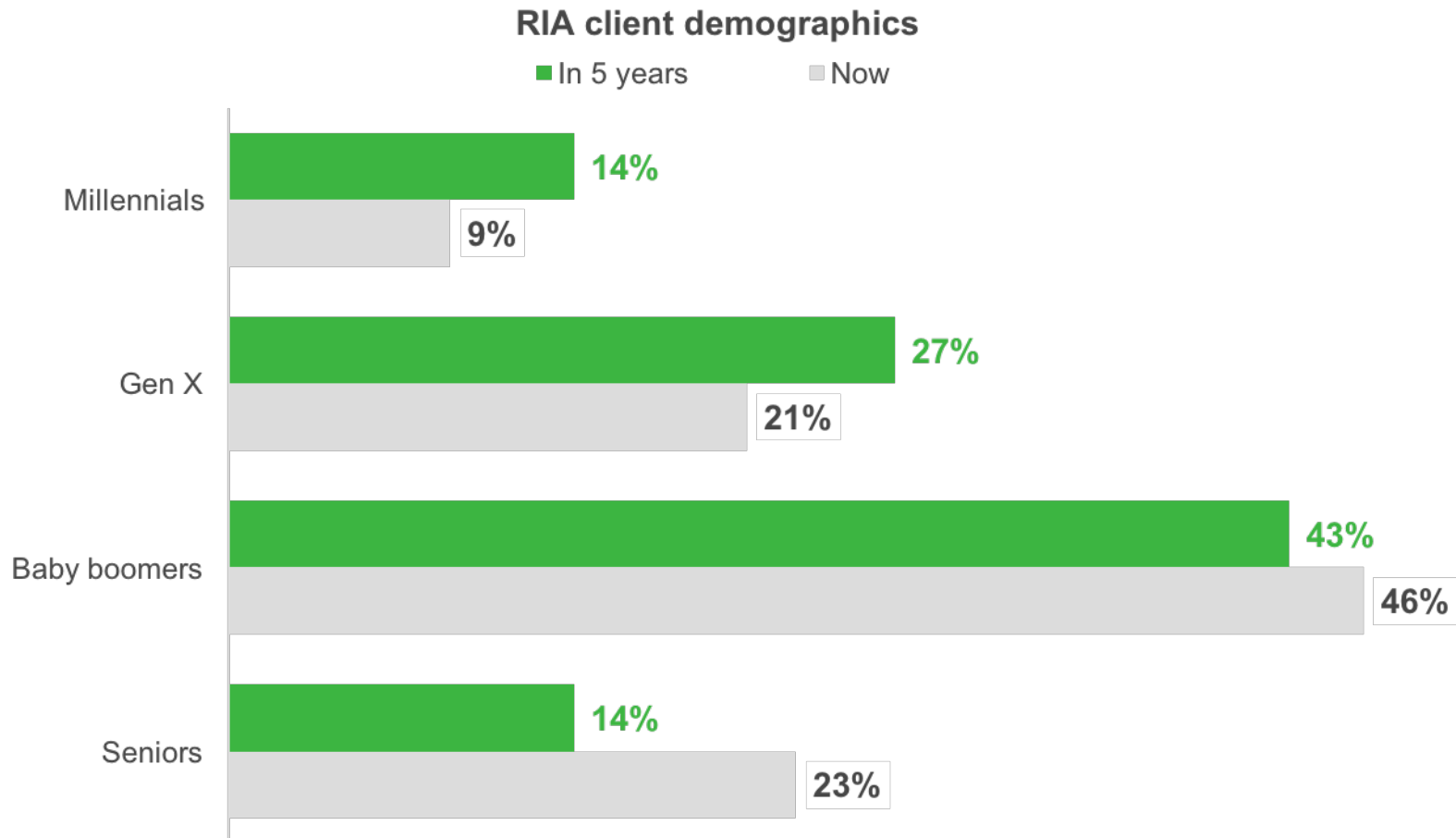
- 44% are doing nothing to build their talent pipeline
- 23% are doing nothing to attract younger clients

# The challenges



# RIAs say clients are getting younger

RIAs predict 41% of clients will be Gen Xers or millennials in five years

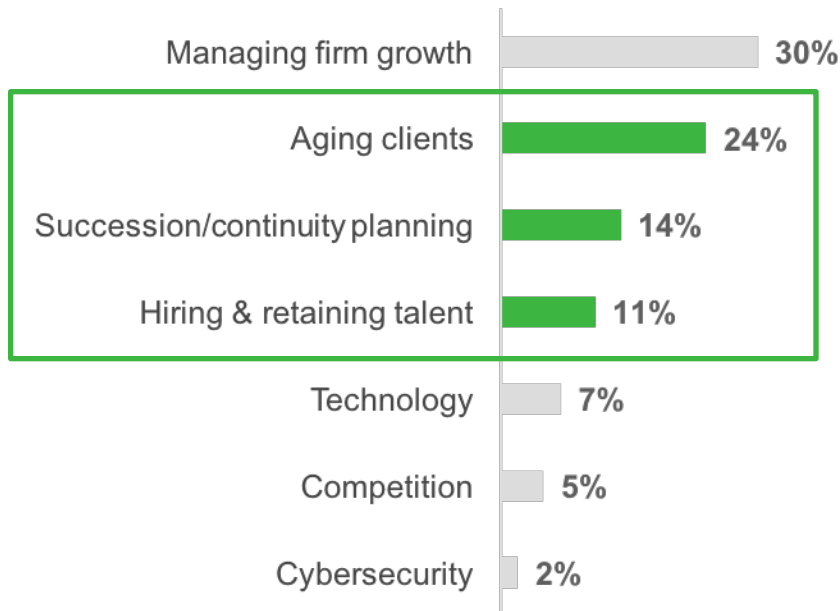


Base: Total (n=300)

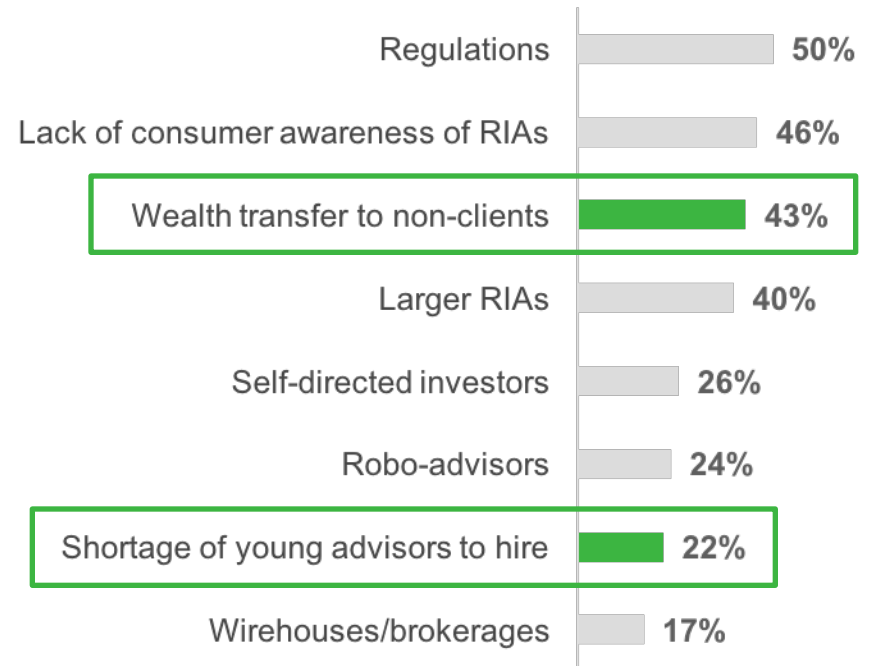
Q80 – What percentage of your clients are ... And Q81 – What percentage of your new business in the next 5 years will come from ...

# Wealth transfer, demographics are top challenges for RIAs

Top challenges for RIAs in 2018



Top competitive threats to growth



Base: Total (n=300)

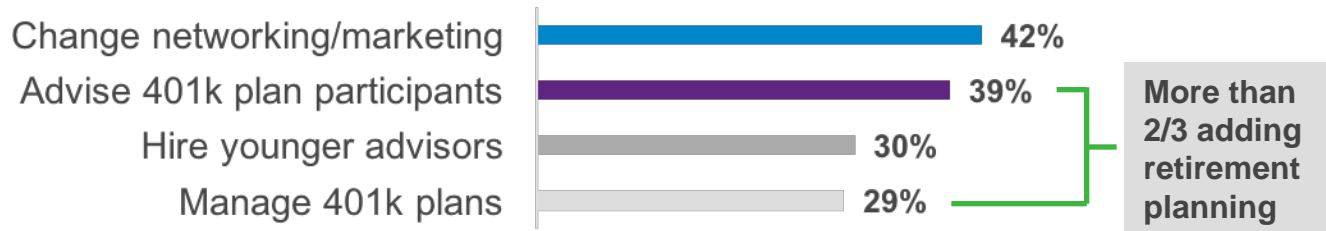
Q13 – Which of these challenges has the potential to have the greatest impact on your firm in 2018? And Q14 – What are the top competitive threats to your business growth in 2017?

# The solutions

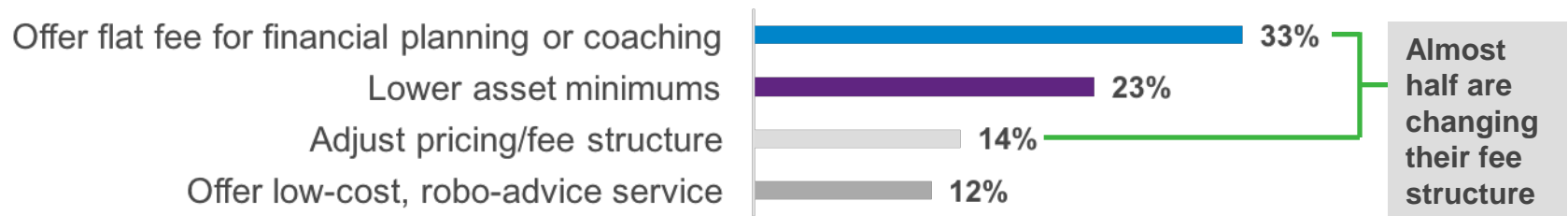


# RIAs are adapting to woo NextGen clients

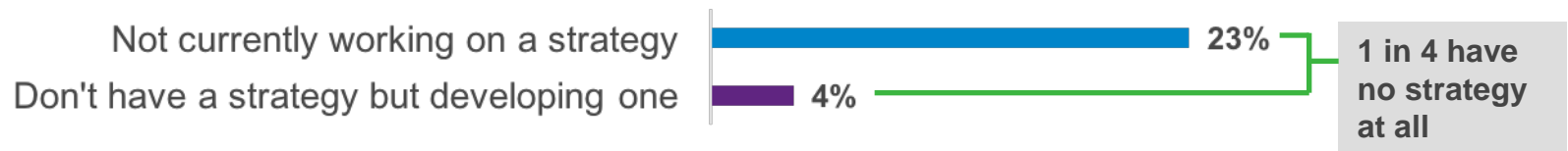
## Changing strategy



## Changing pricing/fees



## No strategy in place

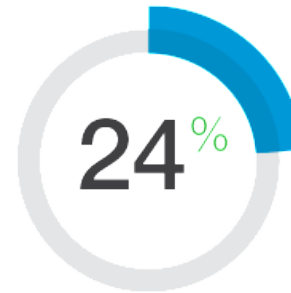




# Many RIAs are taking steps to build a NextGen talent pipeline



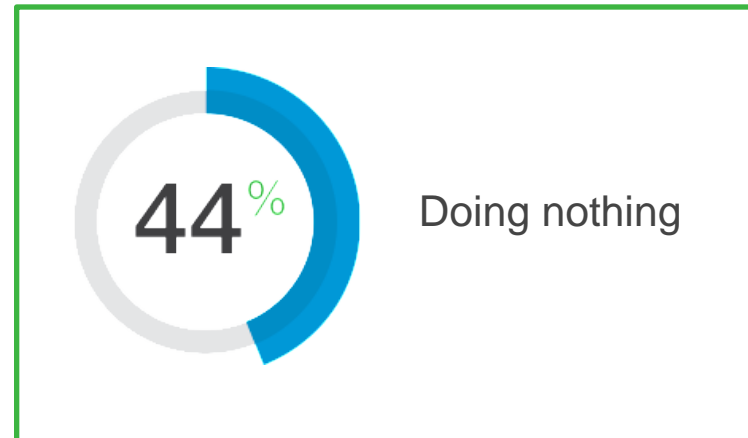
Hire younger advisors



Hire college interns



Recruit and train mid-career changers and target ex-military job seekers



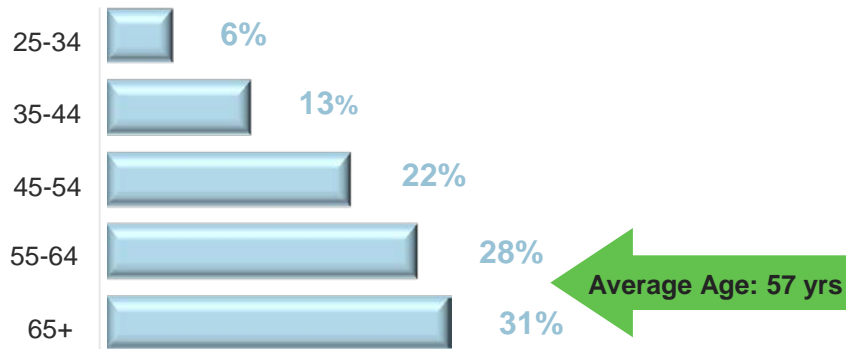
Doing nothing

# Demographics

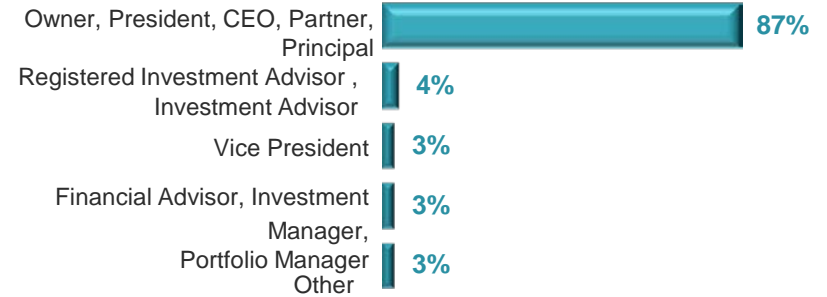


# Survey demographics

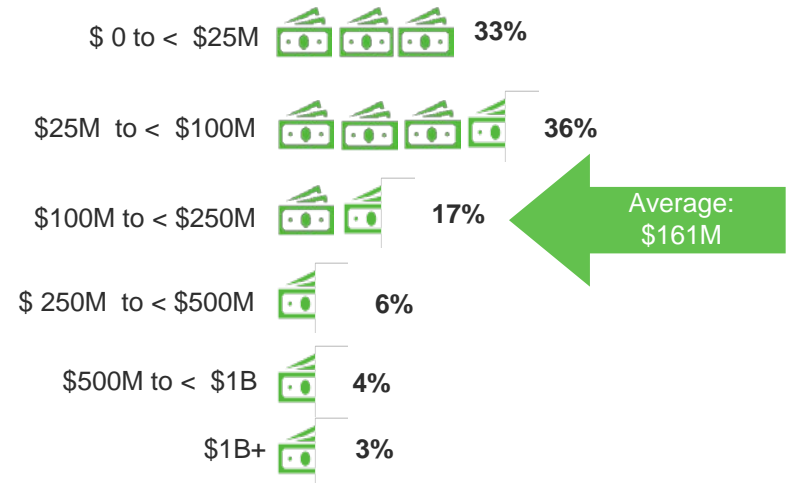
## Age



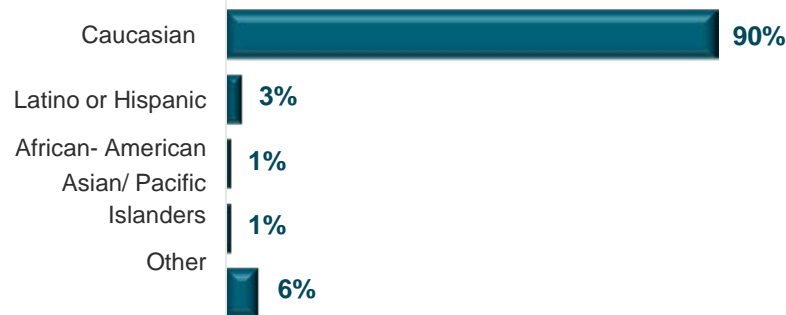
## Job Title



## Assets Under Management



## Ethnicity



Base: Total (n=253)

Q77. From where do you expect the majority of your clients' new assets for future ETF investments in 2018 to come?

# Methodology

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Results for the TD Ameritrade Institutional 2018 RIA Sentiment Survey are based on a telephone survey, conducted by MaritzCX on behalf of TD Ameritrade Institutional, a division of TD Ameritrade, Inc., between Nov. 27 and Dec. 7, 2017.

300 independent registered investment advisors (RIAs) participated in this study. Participants, both clients of TD Ameritrade Institutional and non-clients, were asked to share their views on economy, the outlook for their firms and the RIA market overall. The margin of error is  $\pm 5.6\%$

MaritzCX and TD Ameritrade are separate and not affiliated and not responsible for each other's services or policies.

# About TD Ameritrade Institutional

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## About TD Ameritrade Institutional

TD Ameritrade Institutional is a leading provider of comprehensive brokerage and custody services to more than 6,000 fee-based, independent registered investment advisors (RIAs) and their clients. Our advanced technology platform, coupled with personal support from our dedicated service teams allows investment advisors to run their practices more efficiently and effectively while optimizing time with clients.

TD Ameritrade Institutional is a division of TD Ameritrade, Inc., a brokerage subsidiary of TD Ameritrade Holding Corporation.

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TD Ameritrade (Nasdaq: AMTD) provides investing services and education to more than 11 million client accounts totaling \$1.2 trillion in assets, and custodial services to more than 6,000 registered investment advisors. We are a leader in U.S. retail trading, executing an average of more than 940,000 trades per day for our clients, nearly a quarter of which come from mobile devices. We have a proud history of innovation, dating back to our start in 1975, and today our team of 10,000-strong is committed to carrying it forward. Together, we are leveraging the latest in cutting edge technologies and one-on-one client care to transform lives, and investing, for the better. Learn more by visiting TD Ameritrade's newsroom at [www.amtd.com](http://www.amtd.com).

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