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## **RIAs Tell TD Ameritrade that 41% of Incoming Clients Will Be Gen X and Millennials By 2023**

*To Meet Next Gen Demand, RIAs Say Changes in Marketing, Networking Are Critical*

**JERSEY CITY, N.J., May 9, 2018** – Baby boomer assets are the current wealth management sweet spot<sup>1</sup>, but a growing segment of independent registered investment advisors (RIAs) recognizes that embedding Gen-Xers and millennials as long-term clients requires a shift in business strategy now.

According to [new findings](#) from the [TD Ameritrade Institutional](#)<sup>2</sup> 2018 RIA Sentiment Survey, 42 percent of RIAs say they are working on changing their marketing and networking to attract younger clients.

RIAs say that in five years from now, the demographic composition of their clients will start to change dramatically. Baby boomers, who today make up 46% of RIA clients on average, are expected to drop slightly to an average of 43% of clients. Gen Xers and millennials are expected to jump up significantly, averaging 27% and 14% of all clients, respectively, up from just 21% and 9% today. Seniors are expected to fall from 23% to 14% of clients.

"In just five years, RIAs expect 41% of their clients to be Gen Xers or millennials. This should be a wake up call to those who think that Next Gen wealth is literally still a generation away," said Kate Healy, managing director, Generation Next, TD Ameritrade Institutional. "Change is coming, which means advisors need to rethink their approach to finding both talent and clients in order to continue on their growth trajectory."

RIAs say wealth transfer to non-clients remains one of the biggest threats to growth, so future-thinking advisors are using a variety of tactics to attract Next Gen clients. Nearly 40 percent are advising 401k plan participants. Forty-seven percent are re-evaluating how they charge for services, whether that means introducing flat fees for financial planning and coaching (33%) or adjusting pricing and fees in some other way (14%). Recognizing that this demographic tends to be in the early stages of wealth accumulation, more than 20 percent of RIAs are lowering asset minimums.

Hiring practices also reflect a greater Next Gen focus. Thirty percent of RIAs are hiring younger advisors, and 24 percent are hiring college interns. One in five plan to hire and train mid-career changers, providing an opportunity for women re-entering to the workforce and professionals from other industries or the military.

Still, the pivot to Next Gen is not without its challenges, and some RIAs surveyed are grappling with how to best manage the expected pipeline of younger money. A quarter called out either succession planning or hiring talent as the challenge with the greatest potential impact on their firms this year. And 22 percent named the shortage of young advisors as a threat to growth.

Not all advisors express an urgent need to jump on Next Gen planning. Forty-four percent of those surveyed are not taking any steps to build a new talent pipeline. Roughly a quarter (23%) are not doing anything to attract younger clients. According to Kate Healy, RIAs ignoring demographic shifts do so at their own peril.

“Advisors who are not planning now to ensure the longevity of their firms risk being left behind,” said Healy. “Firms that are actively taking steps now to manage for client needs down the road may be better prepared in terms of talent, technology and of course, clients.”

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#### **About the Survey**

The TD Ameritrade Institutional *2018 RIA Sentiment Survey* was developed to understand the views of RIAs on the economy, as well as their outlook for their firms and the RIA industry. Results are based on a telephone survey conducted by MaritzCX, on behalf of TD Ameritrade Institutional, a division of TD Ameritrade, Inc., from November 27 through December 7, 2017. The survey included 300 RIA participants handling, on average, \$161 million in client assets. The margin of error is +/- 5.6%.

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

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[TD Ameritrade Institutional](#) is a leading provider of comprehensive brokerage and custody services to more than 6,000 fee-based, independent 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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<sup>1</sup> Cerulli Associates, *The Cerulli Report: U.S. Advisor Metrics 2017*

<sup>2</sup>TD Ameritrade Institutional is a division of TD Ameritrade, Inc., a brokerage subsidiary of TD Ameritrade Holding Corporation.

**Source: TD Ameritrade Holding Corporation**