MarketSage

REP MOVEMENT REPORT

Executive Summary

- In 2024, nearly 35,000 reps joined another firm—about the same number as in 2023. After a post-pandemic rise in 2021 and 2022, rep turnover moderated in 2023 and 2024, with 4.4% of reps departing their firms in both years.
- The most common destination for departing reps was firms within the same distribution channel. However, a significant number of reps switched channels, drawn by higher payouts, improved access to technology, and closer alignment with client interests. Since the start of 2020, nearly 10% of wirehouse reps have moved to other channels, primarily to traditional and independent firms. While more reps joined than left independent firms overall, the channel was the largest source of new reps for retail investment advisors (RIAs), which netted the largest gain from channel switchers.
- While the number of independent reps shrank, large independent firms like LPL Financial (LPL) expanded rapidly. LPL added nearly twice as many new reps as the next nine largest firms combined, driving its rep share from 16% to 24%. Wirehouse rep counts fell more sharply (12%) over the same period, driven by channel switching and reduced hiring of early-career advisors. The steepest declines occurred at Merrill Lynch and Wells Fargo, while Morgan Stanley posted modest growth.
- With intermediaries shifting to fee-based business models, the number of reps registered as RIAs surged 28% over the past five years, while reps registered solely as broker-dealers fell 18%. The number of dual registrants, serving as both a broker-dealer and an RIA, grew 4% since the start of the decade.
- Expect consolidation to remain a key driver of rep movement. In a 2024 ISS MI survey, 33% of advisors expecting practice changes in the next 12 to 24 months said that acquiring another practice was likely. Around 15% anticipated joining an RIA aggregator, starting an RIA, or moving to another broker-dealer.

The financial advisory business is in constant flux. Indeed, thousands of registered reps switch firms each year in pursuit of better opportunities, business models, and client alignment. And last year was no different: Nearly 35,000 reps joined another firm in 2024—about as many as in 2023.

In any given year, around 4% to 5% of reps depart to other firms. Turnover clocked in at the higher end of this range in 2021 and 2022 following the COVID-19 pandemic after registering well below normal levels in 2020. **Figure 1**, which depicts historical rep movement, shows turnover returning to more modest levels in 2023 and 2004.

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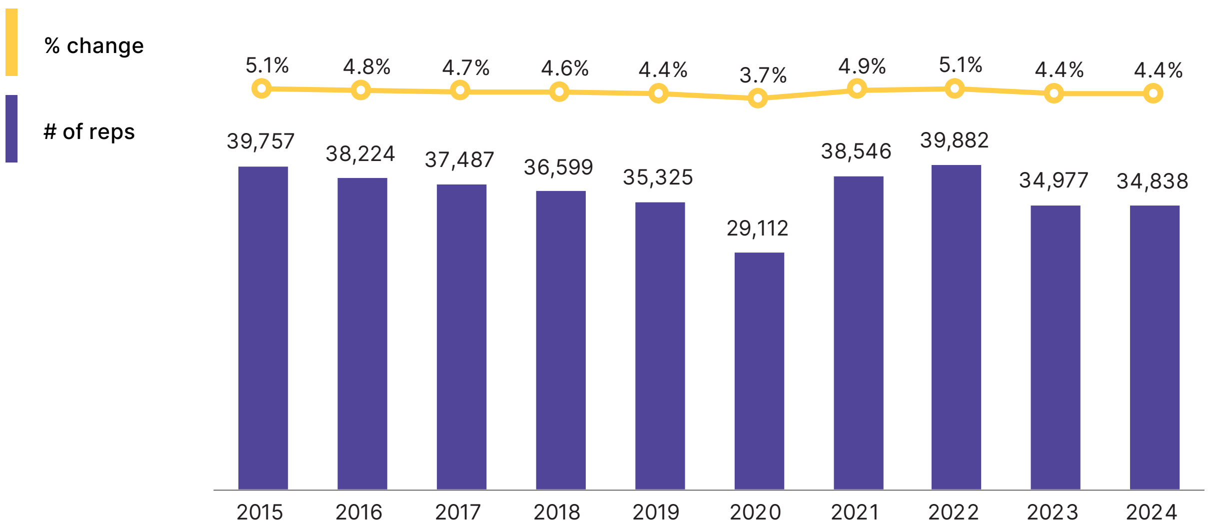
Back to Normal: Rep Turnover Falls to Pre-pandemic Levels
Number of reps changing firms, 2015-2024



Source: ISS MI MarketPro BI.

These numbers have been shaped by evolving compensation structures, regulatory pressures, and the growing appeal of independent advisory channels. This report explores the patterns of advisor movement across distribution channels, the structural shifts driving these changes, and what such factors could mean for firms competing to attract and retain top talent.

FROM CHANNEL TO CHANNEL

Not surprisingly, the most common destination for departing reps is firms within the same distribution channel. **Figure 2**, which tracks movement across channels over the past five years, shows that reps are more likely to move within channels than between them. This trend reflects the fact that a rep's expertise, client relationships, and business model are often deeply embedded within a specific distribution framework. A cross-channel move—such as from a wirehouse to an independent firm—can involve significant shifts in compliance requirements, compensation structures, and client service models, creating a complex transition for many advisors. Consolidation has also driven intra-channel movement, especially in the independent and retail investment advisor (retail IA) channels.

Many reps made the leap in recent years, however, drawn by a mix of factors, including higher payouts, improved access to technology, and closer alignment with client interests. Since the start of 2020, nearly 10% (about 8,300) of wirehouse reps moved to other distribution channels, primarily to traditional and independent firms.

Figure 2 also shows traffic moving in both directions. While more reps joined than left independent firms overall, the channel was the largest source for new reps at retail IAs, which netted the largest gain from channel switchers. Even then, independent firms recruited 2,000 retail IAs, partly offsetting the more than 5,000 reps that migrated to the retail IA segment.

2

Independent, RIA Segments Driving Growth
Licensed rep movement, 2020-2024

	New channel								
Prior channel	Bank	Discounter	Independent	Institutional	Insurance	Retail IA	Traditional	Wirehouse	Net gain (Loss)
Bank	3,736	1,461	2,897	2,552	1,072	984	1,956	3,790	(2,234)
Discounter	1,391	3,217	1,463	1,352	896	1,419	978	1,676	168
Independent	1,482	1,252	16,190	2,307	2,265	5,050	2,118	1,243	6,332
Institutional	2,073	1,115	2,309	20,834	1,116	1,120	4,849	684	531
Insurance	1,948	1,754	5,850	1,298	5,292	2,015	1,023	1,192	(7,431)
Retail IA	486	552	2,088	454	586	13,614	604	465	8,739
Traditional	1,316	718	3,504	4,617	629	1,568	2,636	1,587	2,198
Wirehouse	3,782	2,491	3,938	1,217	1,085	1,818	4,609	5,716	(8,303)

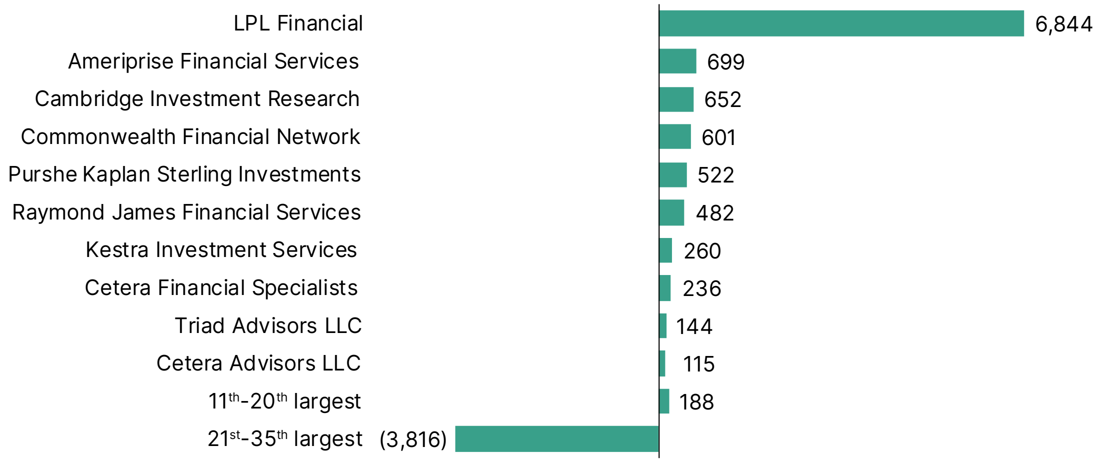
Source: ISS MI MarketPro BI.

SHIFTING CHANNELS, DYNAMIC MOVEMENT

The movement of reps within and across channels occurs within a broader context. While large independent firms like LPL Financial (LPL) expanded rapidly, the overall number of independent reps declined 6% over the past five years due to consolidation and declines at smaller firms (**Figure 3**). LPL added nearly twice as many new reps as the next nine largest firms combined, expanding from 21,218 to 29,527 reps. That firm's share of independent channel reps rose from 16% to 24%, while competitors like Ameriprise and Commonwealth Financial saw little growth. A rising rep count appears to have fueled faster asset growth—LPL's AUM grew 24% annually over the past five years, compared to 15% for Ameriprise and 16% for Commonwealth.

3

LPL, Largest Independents Growing Rep Count
Net new reps at independent firms, 2020-2024

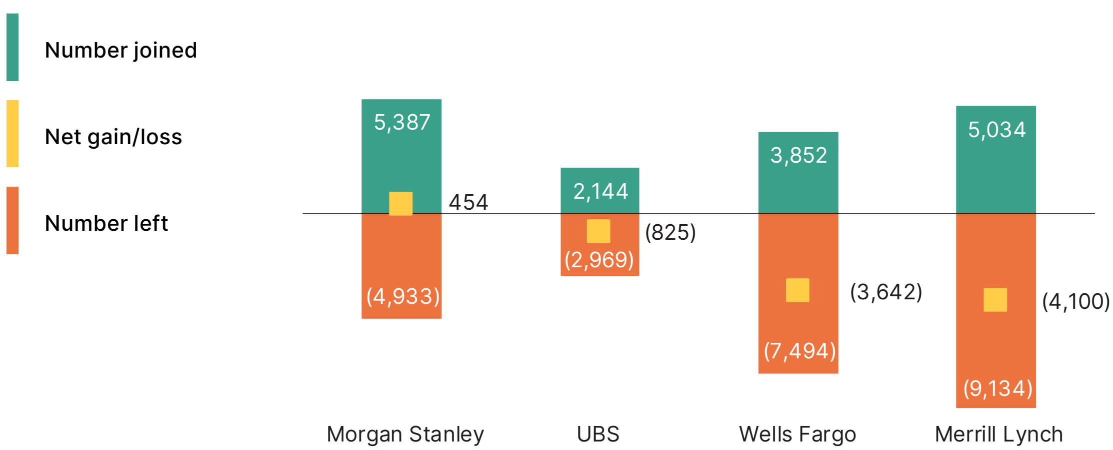


Source: ISS MI MarketPro BI.

Wirehouse rep counts fell more sharply (12%) over the same period, driven by channel switching and reduced hiring of early career advisors. The steepest declines occurred at Merrill Lynch and Wells Fargo (**Figure 4**), while Morgan Stanley posted modest growth. Notably, Merrill recruited nearly as many new reps as Morgan Stanley and hired more aggressively than all but a few other firms in the industry. This underscores a key point: Even as overall rep numbers decline, asset managers must engage with a steady stream of new advisors, especially at firms actively growing their talent base.

4

Plenty of New Faces at Wirehouses Despite Shrinking Rep Count
Number of reps joining or leaving wirehouses, 2020-2024



Source: ISS MI MarketPro BI.

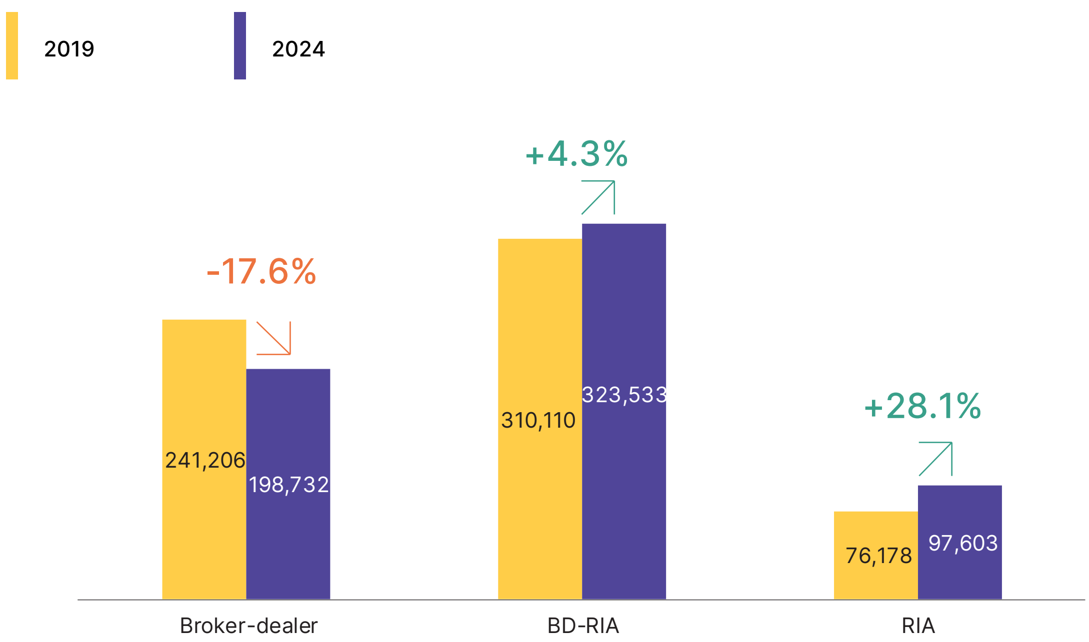
A CHANGING GAME

The movement of reps to independent and investment advisory firms stemmed from huge structural changes in intermediaries' business models, which accelerated in the 2010s. The shift from commission-based to assets under management (AUM) fee-based advice models accelerated as concerns over conflicts of interest from regulators and investors grew. The rise of robo-advisors accelerated the shift toward holistic financial advice, further challenging the viability of purely transaction-based models. The higher valuations associated with fee-based business models were also an attraction, especially for an aging advisor base looking to cash out. The proliferation of low-fee index ETFs—often the building blocks of model portfolios—further tarnished the appeal of higher-fee, commission-based investment offerings.

With the rules of the game shifting to AUM fee-based business models, the number of reps registered as RIAs surged 28% since the start of the decade. Meanwhile, the number of reps registered solely as broker-dealers sank. Over the past five years, broker-dealer registrations fell by approximately 50,000, an 18% decline (**Figure 5**). Traditional firms saw the largest falloff—a decline that reflects reps exiting the business, shifting channels, or becoming dually registered.

5

RIA Reps Surge, Broker-Dealer Only Plunges
Number of reps by registration type, 2019 and 2024



Source: ISS MI MarketPro BI .
Note: Data excludes institutional-only reps.

The number of dual registrants—that is, those registered both as a broker-dealer and a RIA—crept upward in recent years by more than 11,000, or about 4%, since the start of the decade. Registering as both a broker-dealer and a RIA reflects advisors' need to meet the higher standards of the 2019 Regulation Best Interest (Reg BI), while still serving transaction-based clients and selling commission-based products like annuities. Together, these trends signal an industry increasingly defined by fee-based models, regulatory-driven accountability, and the need for advisors to balance transactional flexibility with fiduciary standards.

LOOKING AHEAD

The forces that have been driving reps to join other firms are unlikely to shift in the coming years. Certainly, structural factors like demographics, consolidation, and the bigger paydays associated with greater independence are not going anywhere. And while most advisors will likely not change firms, a small minority anticipate making changes to their practices that will fuel tomorrow's rep movement.

Consolidation will remain a key force in shaping the industry. In a 2024 ISS MI survey, 33% of advisors expecting practice changes in the next 12 to 24 months said that acquiring another practice was likely (**Figure 6**). A smaller share (around 15%) anticipated joining an RIA aggregator, starting an RIA, or moving to another broker-dealer.

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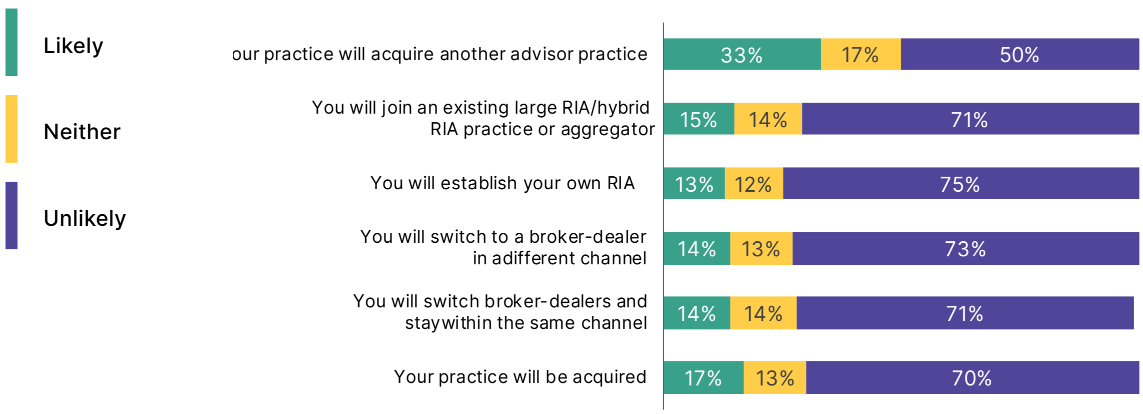
For Advisors Considering Changes to Practices, Acquisition a Leading Next Step
Over the next 12 to 24 months, how likely are you to consider any of the following changes?



Source: ISS MI Advisor Pulse, March 2024.

For asset managers and other service providers, the landscape will continue to shift. Consolidation and increasingly centralized home offices have already narrowed the areas where intermediaries can be influenced. Meanwhile, the rise of independence and fiduciary standards has reshaped advisor practices, client interactions, and portfolio construction. Adapting will require not only new engagement strategies, but also the flexibility to reach advisors wherever they move next.

CHANNEL DEFINITIONS

Bank: These firms have retail advisors located in or covering bank branches.

Boutique: These firms are smaller or departments of larger firms that provide specialized services for a segment of the market, which in most cases is serving ultra-high net worth investors in a private banking model.

Discounter: These firms provide trading platforms, online investment programs, and call center support to do-it-yourself investors.

Independent: These firms typically have associated advisors who work as independent contractors rather than employees and are required to handle all their own local practice functions, such as staffing, facilities, and technology. Some independent firms do as little as "holding" the rep's licenses and conducting compliance oversight, while others do much more, such as providing a full suite of products and services and assisting with training and marketing. The "independent" label refers to the rep's independence.

Insurance: These firms emphasize the sale of insurance products. (Note: We categorize many firms owned by insurance companies as independent rather than insurance because insurance companies acquired independent firms or developed them with an independent approach/structure rather than an insurance focus.)

Retail investment advisor (Retail IA): Registered investment advisors that provide advice to individual investors or high-net-worth investors.

Traditional: These firms have employee advisors and primarily focus on investing for all market segments (e.g., Edward Jones, Stifel, and Janney.)

Wealth Management: These firms provide comprehensive planning, advisory, and investment management coverage to individual investors, including financial planning, asset allocation, modeling, total portfolio management, insurance, and liabilities.

Wirehouse: There are currently four wirehouses: Merrill Lynch, Morgan Stanley, UBS Financial, and Wells Fargo Clearing Services.

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