Wealth management due for $10 trillion shift: BlackRock exec

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By Joe Rauch

BOSTON (Reuters) - U.S. financial advisors are due for upheaval as baby boomers, controlling $10 trillion in assets, reach retirement age and shift their investment priorities, said a senior executive at asset manager BlackRock Inc (BLK.N: Quote, Profile, Research, Stock Buzz).

Baby boomers will move the industry's main client goal from one from accumulation -- investing in assets that create the most value over time -- to one of "decumulation," said Frank Porcelli, who heads U.S. retail for BlackRock, at the Reuters Global Wealth Management Summit in Boston.

"The questions won't be, 'How did I do against the S&P 500?'" he said. "It's, 'Can I meet these liabilities?'"

Instead of a focus on building wealth and a retirement nest egg, those clients will soon focus on making the money last.

Baby boomers, he said, are increasingly spooked by the turbulent markets of the past year, and concerned with ensuring their funds last through retirements that could last 20 years or more.

The $10 trillion that will be in the control of the newly-retired will dictate a more conservative investment and spending approach.

BlackRock is one of the world's largest investment managers and advisors, with $1.37 trillion in client assets under management and providing services to clients with $7 trillion in assets.

When it completes its purchase of Barclays BGI unit in December, it will be the world's largest asset manager with roughly $3 trillion in assets.

The New York-based firm, which built its reputation by serving institutional clients, does not cater directly to retail customers, but provides funds and services to financial advisors who work with retail investors.

Porcelli said research conducted by the firm found that 70 percent of retirement-age clients are willing to move their accounts to another firm, if the firm offered expertise on constructing portfolios to avoid running out of money during their golden years. This was a far different, and more complex service than aiding in asset accumulation, he said.

"This is the equivalent of financial brain surgery," said Porcelli, adding advisors would have to manage clients' spending expectations, as well as investment performance.