FPA FINANCIAL PLANNING ASSOCIATION 25 YEARS

Journal of Financial Planning

2025 Trends In INVESTING Survey Report

2025 Trends in Investing

The 2025 Trends in Investing Survey was conducted by the *Journal of Financial Planning* and the Financial Planning Association® (FPA®) from March 23, 2025, to May 4, 2025. The survey received 195 responses from financial planners who provide or implement investment services or recommendations for their clients. Sixty-eight percent manage ongoing investments on a discretionary basis while 28% implement investment recommendations on a non-discretionary basis. Eleven percent offer investment advice or recommendations but do not implement them on behalf of their clients. Over half of respondents were independent advisers, and nearly 80% are CFP® professionals. Over 55% have been in the profession for 20 years or more, while 15% have been in the profession for five or fewer years.

Executive Summary

We took this year's survey as an opportunity to ask investment professionals about their use of separately managed accounts. Respondents in the Trends in Investing survey have reported increasing usage of SMAs over the years, and although they are still most suitable for wealthier clients, they are becoming accessible to more investors. Among those using SMAs, tax flexibility, access to specialized asset managers, and portfolio customization are cited as the top benefits. However, they may still be too much for a lot of clients' needs. Respondents note high investment minimums, perceived lack of value, and client disinterest among the reasons they are not putting their clients in these types of accounts.

ETFs remain the most widely used investment vehicle, and nearly two-thirds of planners expect to increase their usage in the coming year. Traditional mutual funds, though still popular (70%), face a potentially notable decline, with 29% of respondents anticipating decreased use.

The survey revealed a potential turn toward alternatives, with sharp increases in various alternative investment categories, particularly options, REITs, and private debt. While overall usage is still relatively low, respondents indicate more interest in these investments compared to options like ESG funds or cryptocurrency that have grabbed consumers' interest.

Economic sentiment is bearish in the short term, but planners express growing optimism over longer time horizons. Confidence in the traditional 60/40 stock-bond allocation remains strong, with over two-thirds expressing trust in this strategic stalwart.

Nearly three-quarters of planners report ongoing or recent reevaluation of asset allocation strategies, driven primarily by expectations about the economy, market volatility, and inflation.

Separately Managed Accounts

We first asked investment professionals about their adoption of separately managed accounts in 2019. At the time, a little over a quarter of respondents say they were using these vehicles for their clients. We saw a significant increase in 2023, and today, over 43% of respondents say they are currently using SMAs in their clients' portfolios. Nearly 22% say they will increase their usage over the next 12 months and less than 2% anticipate a decrease.

Our more targeted questions about SMAs revealed more nuance associated with these investments. Twenty-nine percent of respondents say they are familiar with separately managed accounts but have no intention of offering them to their clients and 14% are either not familiar with or simply not interested in these vehicles. About one in 10 are developing an implementation strategy to potentially offer SMAs to clients in the future.

Most planners who recommend SMAs for their clients' portfolios use a third-party firm to manage the account (39%). Nearly 24% say they or their firm manage the account on the clients' behalf. One respondent noted that their client is invested in an SMA through their 401(k) plan.

The most desirable benefit of recommending SMAs to clients, according to our respondents, is related to tax planning. Over 45% cite flexibility in meeting tax objectives as the top benefit to them or their firm. Over 38% appreciate access to asset managers with specific expertise and a third note the ability to offer a bespoke portfolio for individual clients.

Although these products come with higher fees, just 6% of respondents count the potential for additional revenue among the benefits of offering SMAs. One respondent noted that additional revenue goes to the firm and not to the planner.

Among planners who don't offer or recommend separately managed accounts to their clients, nearly a third say there are other investment products or vehicles that are sufficient to meet their clients' objectives. Over 17% point specifically to the high investment minimums or advisory fees; the same percentage say their clients just don't need that level of customization.

Nearly 16% say the lack of interest comes from clients themselves, while 12% say they or their firm have a preference for passive investment management strategies in general.

Planners who wrote in their own responses referred to SMA performance and suggested they don't add the value to justify the additional work.

"SMA performance"

"SMAs are a lot of work to set up...not worth it at all"

"Lack of added value from the SMAs. Lots of talk, limited results"]

Investment Trends

Top 10 Investment Products and Vehicles by Current Usage*

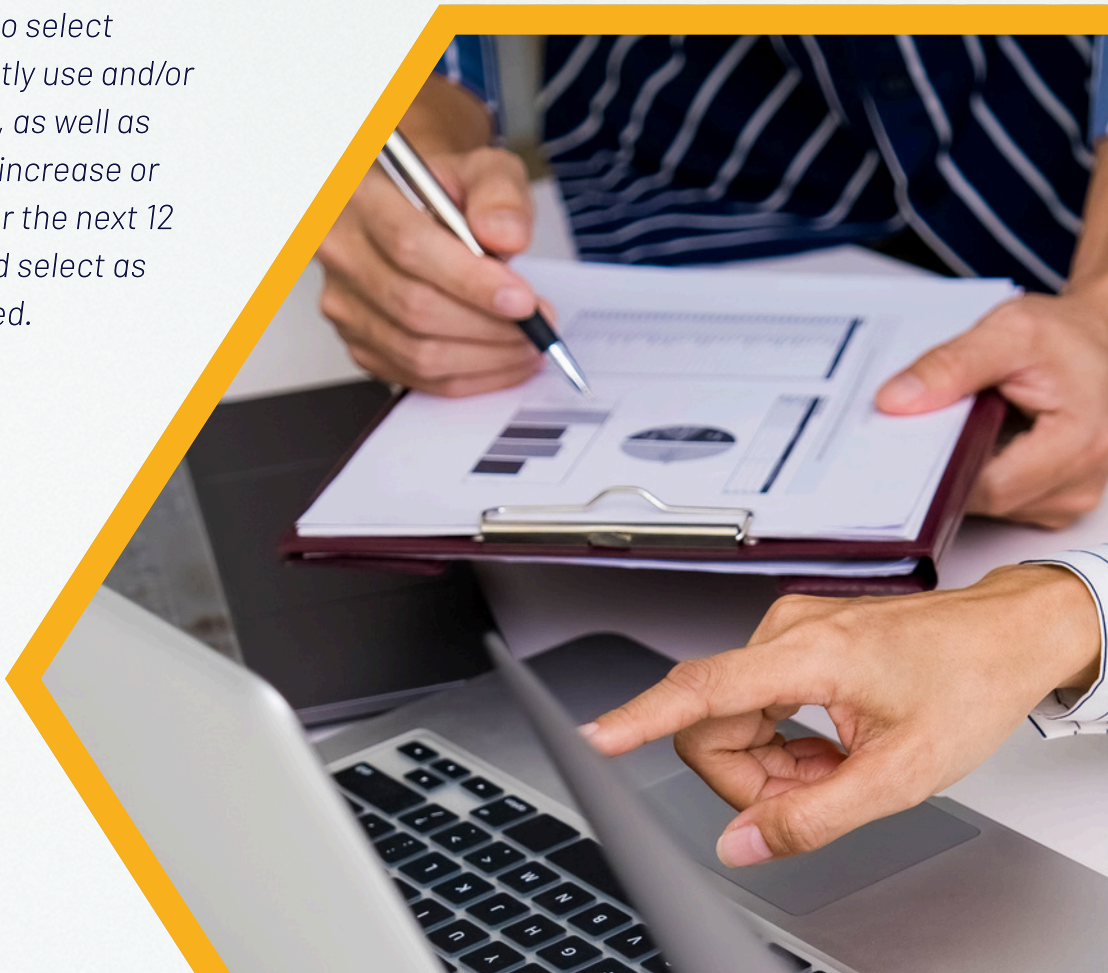
Investment	Currently Using	Increasing	Decreasing
Exchange traded funds (ETFs)	93.28%	63.64%	0.81%
Cash and equivalents	82.09%	19.70%	16.13%
Mutual funds (non-wrap)	70.15%	18.94%	29.03%
Individual stocks	60.45%	32.58%	11.29%
Individual bonds	51.49%	23.48%	12.90%
Separately managed accounts	43.28%	21.97%	1.61%
Fixed annuities (immediate and/or deferred)	38.06%	16.67%	9.68%
Mutual fund wrap program(s)	35.82%	14.39%	10.48%
Variable annuities (immediate and/or deferred)	35.82%	13.64%	13.71%
Indexed annuities	31.34%	13.64%	7.26%
n =	*134*	*132*	*124*

The industry's preference for exchange traded funds continues. The majority of planners (93%) are using these passive products, while nearly 63% say they will increase their usage. Less than 1% say they will decrease clients' investments in ETFs over the next 12 months.

Traditional mutual funds are still widely used (71%), but nearly 30% say they will decrease their recommendations for these products over the next 12 months.

Annuities of all stripes hold some favor with investment professionals, with roughly 3 in 10 saying current usage of fixed (38%), variable (36%), and indexed (31%) products.

**Respondents were asked to select which products they currently use and/or recommend to their clients, as well as which products they would increase or decrease allocations to over the next 12 months. Respondents could select as many options as they wanted.*



Investment Trends (cont.)

Investments with the Greatest Increase in 2025*

Answer Options	2024	2025	% Change
Options	8.65%	17.16%	98.38%
Individually traded REITs (not held within a mutual fund)	14.90%	23.13%	55.23%
Indexed annuities	20.19%	31.34%	55.23%
Private debt	12.50%	19.40%	55.20%
Hedge funds (directly, not through mutual funds, etc.)	4.33%	6.72%	55.20%
Non-traded REITs	9.62%	14.18%	47.40%
Precious metals	8.65%	12.69%	46.71%
Other alternative investments (if bought directly, not included in other investment vehicles)	12.98%	18.66%	43.76%
Fixed annuities (immediate and/or deferred)	29.81%	38.06%	27.68%
Mutual fund wrap program(s)	29.81%	35.82%	20.16%
n =	*208*	*134*	

Some products, like ESG funds and cryptocurrencies, are holding on to niche status. While nearly 27% of investment professionals say they are currently using ESG funds, just 8% expect to increase usage and nearly 10% say they will decrease usage. Meanwhile 5% of planners are using cryptocurrencies in client portfolios, with 3% planning an increase over the next 12 months and 4% planning to drop cryptocurrencies.

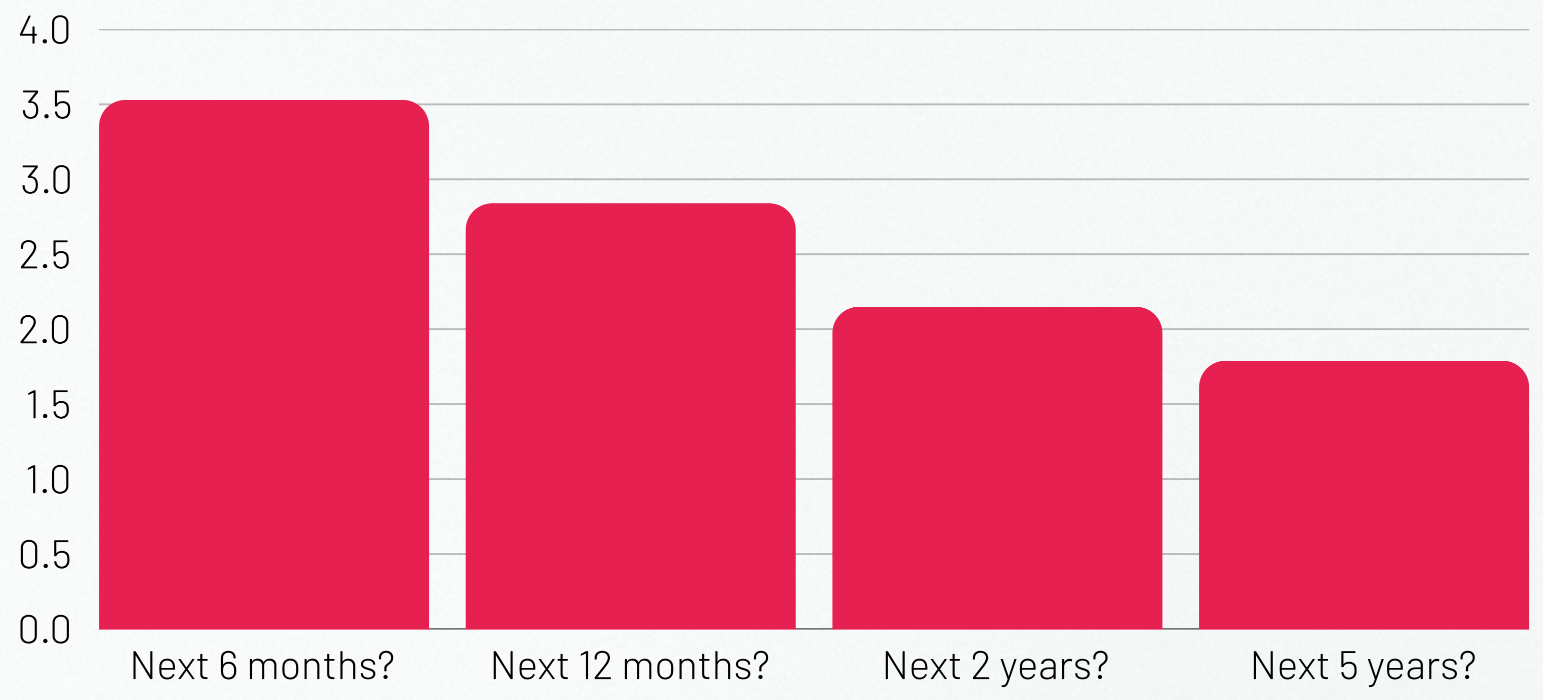
Investment professionals indicate a move toward alternative investments. Although current utilization of many of these tools is relatively low, several categories show a notable increase in usage in 2025. Options investing saw the biggest change from last year, with the share of planners who use these products increasing from less than 9% in 2024 to 17% in 2025. Investments in individually traded REITs (15% to 23%) and non-traded REITs (10% to 14%) show marked growth. Private debt, which we first asked about last year, also increased 55% to over 19% of professionals who are currently investing in or recommending private debt for their client portfolios.

**Respondents were asked to select which products they currently use and/or recommend to their clients. Respondents could select as many options as they wanted.*

Economic Sentiment

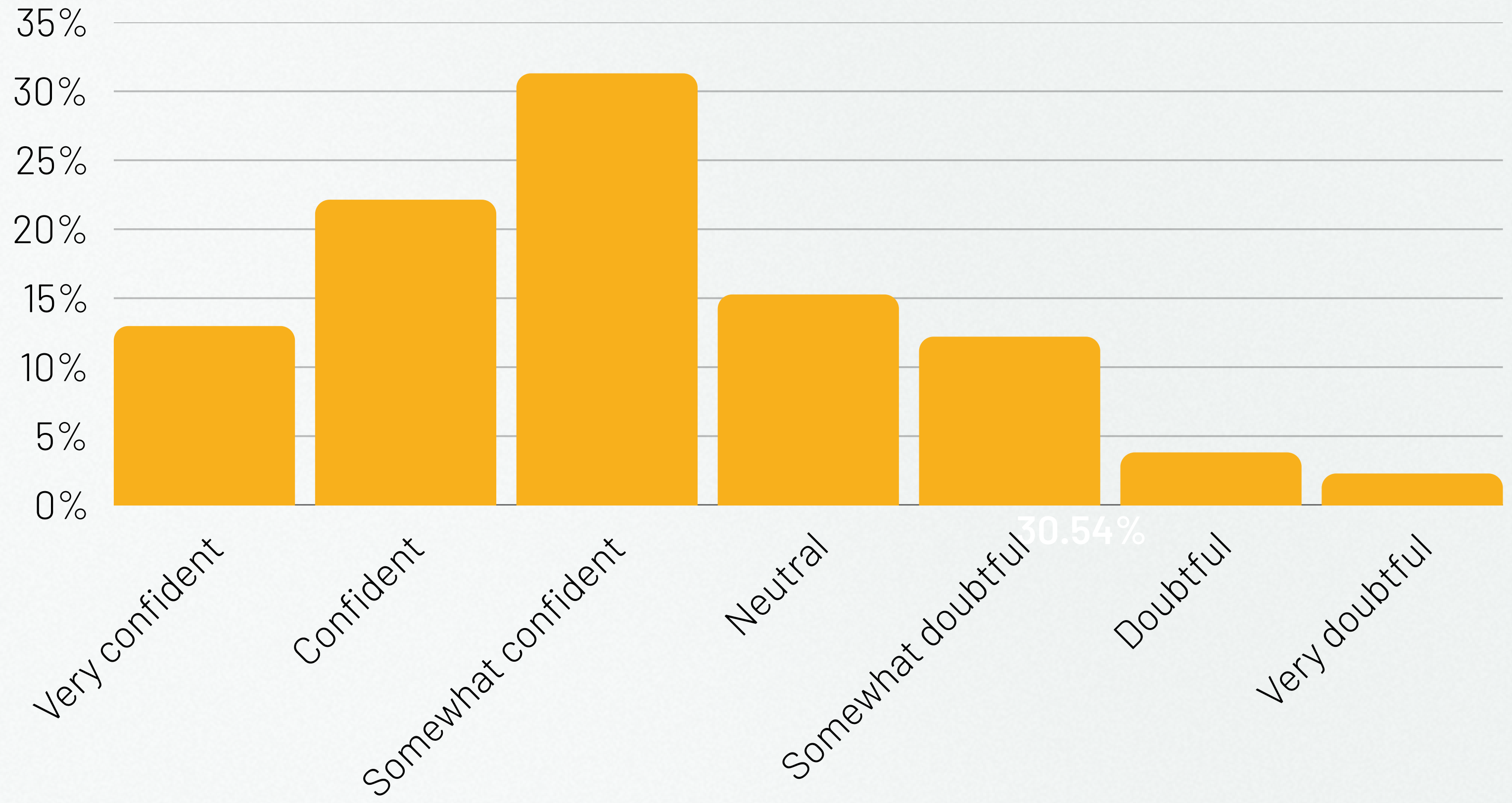
Respondents feel bearish about the economy in the near term, but indicate more optimism for the future. We asked investment professionals to rate their sentiment on a scale of 1 to 5 with 5 indicating more bearish feelings. A higher weighted average indicates a more negative outlook. Looking at the next six months, respondents' weighted average is 3.53. The collective outlook gets progressively more optimistic looking at the next 12 months, two years, and five years.

What is your economic investment outlook for the...



Respondents generally feel pretty confident about the ability of the traditional 60/40 stock-bond portfolio to provide similar returns as it has historically. Over two-thirds report some level of confidence, compared to 18% who express doubt.

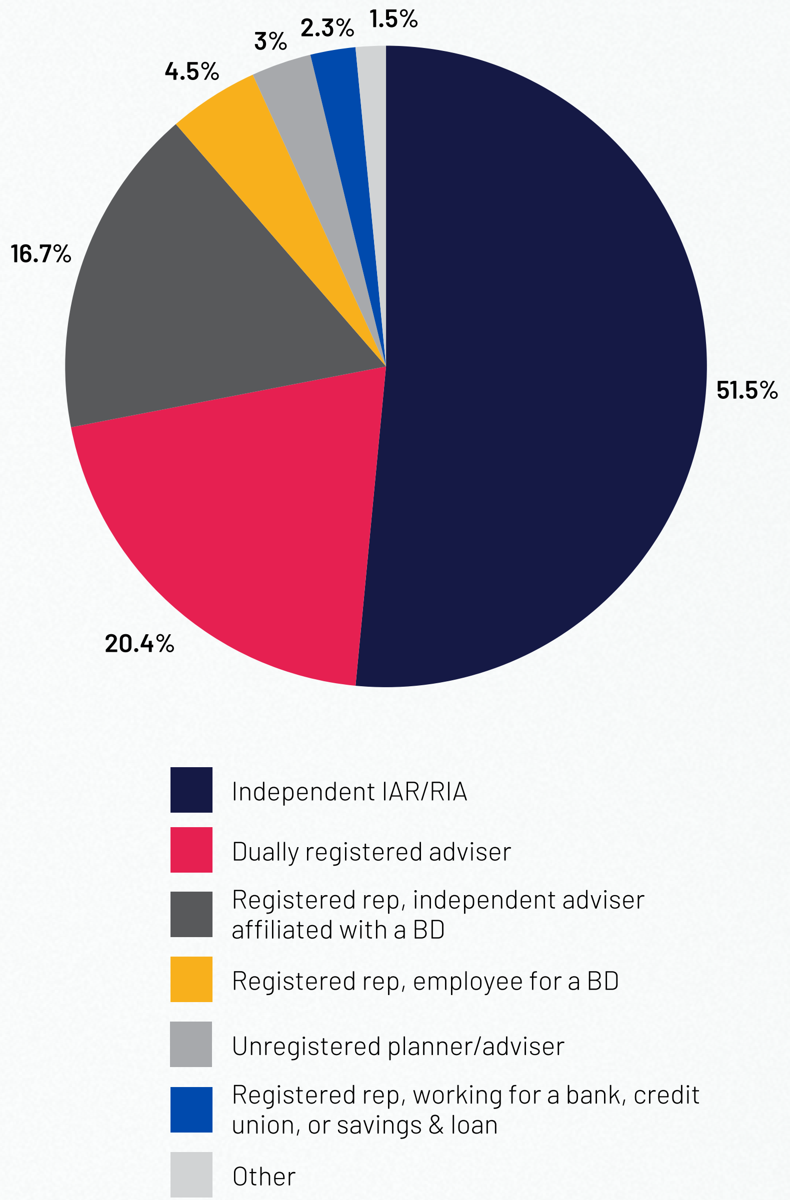
How confident are you in the ability of the traditional 60/40 stocks and bonds portfolio to provide similar returns as it has historically?



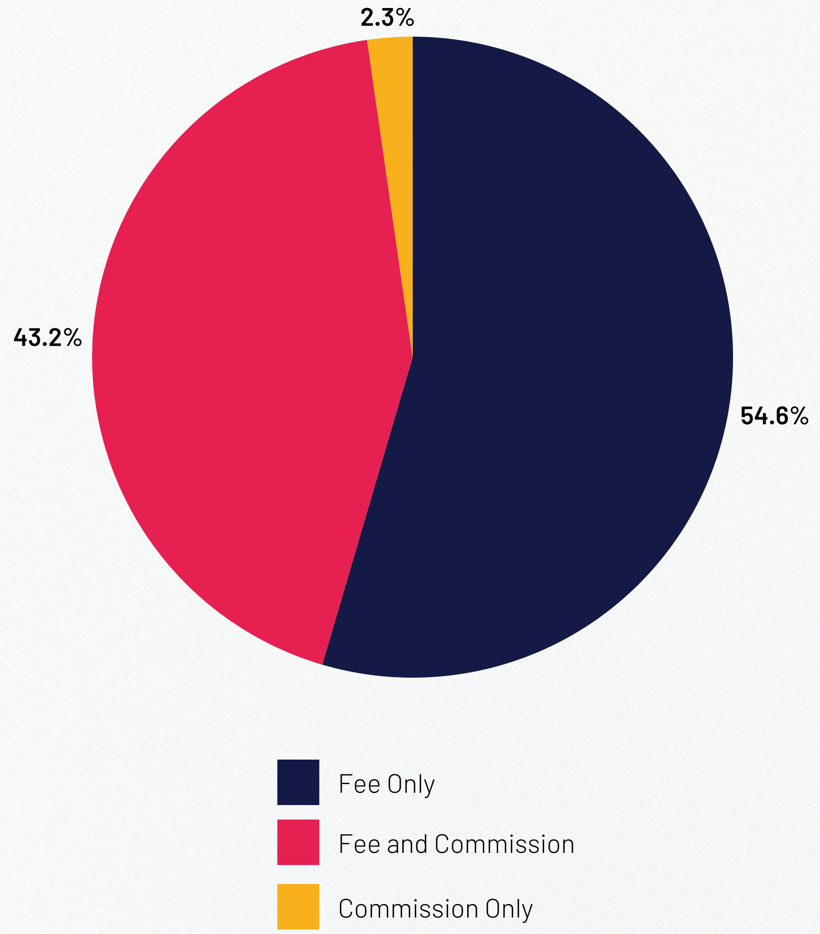
Among the practitioners who have recently reevaluated the asset allocation strategy they typically recommend or implement for their clients, 69% say anticipated changes in the economy were a factor in that reevaluation, and 63% cited market volatility. Nearly 37% reference inflation as a factor and 26% say legislation was on their mind as they assess clients' asset allocations. However, many planners regularly review asset allocations, with three-quarters acknowledging they continually reevaluate their clients' asset allocation strategy.

Respondent Profile

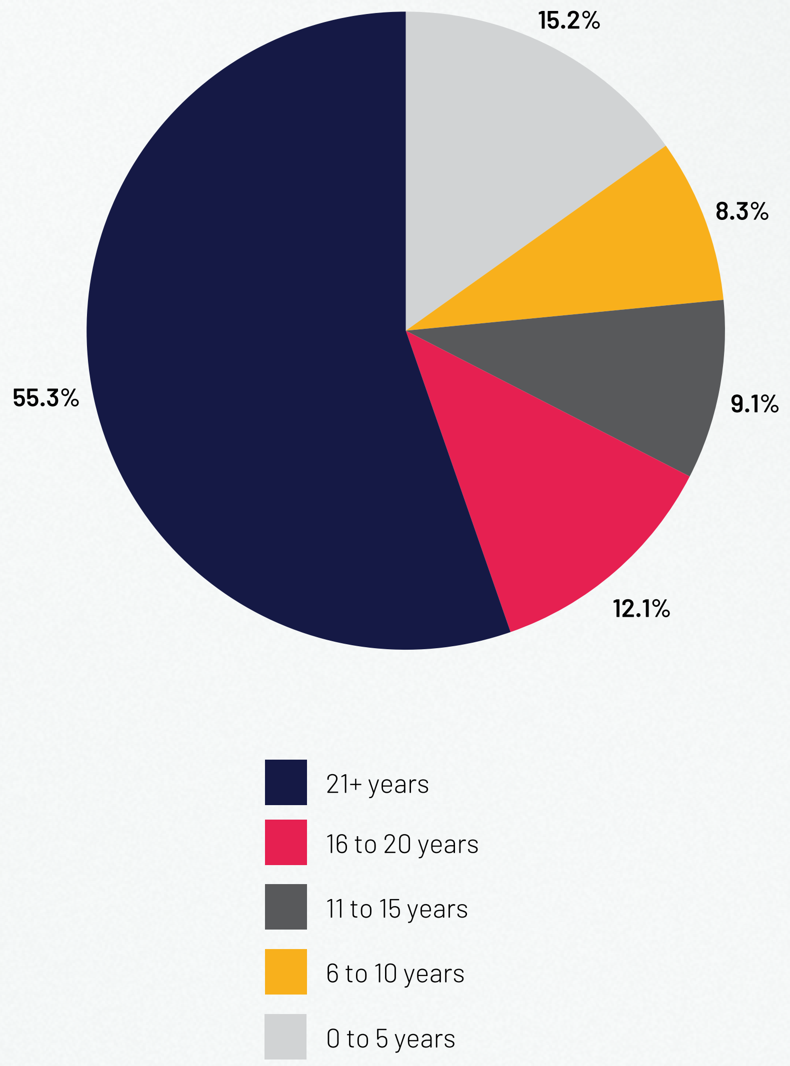
Affiliation



Compensation Model



Tenure in Financial Services



Designations/Certifications

CFP®	79.39%
Other	35.88%
FINRA registered rep	24.43%
AIF	12.21%
ChFC	12.21%
CPA	7.63%
Candidate for CFP®	5.34%
CFA	4.58%
None	1.53%

Research Conducted By

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