

Do Well by Doing Good



**Should I Become
an Advisor in the
Financial Services
Profession?**

 A GUIDE FOR *FUTURE* FINANCIAL
SECURITY PROFESSIONALS

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Financial Services Profession?**

A GUIDE FOR *FUTURE* FINANCIAL SECURITY PROFESSIONALS

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“You must be intentional in your efforts to recruit underrepresented and diverse people into the profession. If you only rely on traditional recruiting sources, your candidate pool will never support your diversity growth goals.”

● About Us

The Finseca Foundation

The Finseca Foundation is a 501(c)(3) nonprofit organization dedicated to elevating the work of financial security professionals to help drive better outcomes for consumers. The Foundation focuses on three ongoing core initiatives:

1. Conducting and providing research to help financial security professionals better serve the needs of American consumers seeking to achieve financial security.
2. Providing resources for Americans to become more financially empowered consumers of financial products and services.
3. Advancing and championing the next generation of financial security professionals by identifying top talent from diverse communities.

Our contributors

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● Preface

The role of financial advisors has evolved quite a bit over the years, not only in the products and services provided but also in how advisors interact with their clients. Many people still view financial advising as a sales job, and perhaps it once was. But today, being a financial advisor is so much more.

Advisors build deep relationships with their clients, partnering with them to achieve their financial goals—whether that means pulling themselves out of debt, building a nest egg for retirement, buying a home, or starting a business. Being a financial advisor is more than a job. It is a career. Some would say it is a calling. It is one of the few professions where you will have a direct impact on the lives of others.

Most people want the same thing in a career—meaningful work in an organization where they feel valued and allows them to provide for themselves and their families while maintaining a healthy work-life balance—all things that are offered in abundance in this profession.

We often talk about the four I's of the profession: income, impact, independence, and intellectual stimulation. You can earn a very good income as a financial advisor. And, once your business is established, you'll enjoy quite a bit of flexibility in your schedule. There's always something new to learn, and you'll

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continually build new technical, business, and leadership skills. But what draws many to this profession, and keeps them here, is the opportunity they have each day to help people achieve their dreams.

As with any career, there are many things to consider before making a decision. This guide is designed to help you identify the areas you want to explore as you go through the selection process. Its goal is simple—to give you the information you need to make a decision that is right for you.

Some of you will read this guide and decide this career is not for you. If that's the case, then mission accomplished. Thank the person who gave you the guide and took the time to educate you before you committed yourself to a profession that is not right for you.

For those of you who decide to continue, understand that you will face challenges, especially in the first few years. But if you have the passion and commitment to stay the course, the personal and professional rewards are many.

Whichever path you choose, I wish you the best in your professional endeavors and all that the future holds.

Edward G. Deutschlander, CLU, CLF
CEO, North Star Resource Group
Finseca Chair 2022–2023

Why Become a Financial Advisor?

The opportunities available within the financial services profession may be some of the best-kept secrets of all time. As a financial advisor, you can build your own business—with support from companies and firms—while helping others reach their financial goals. It is one of the few professions where your income is limited only by the effort you are willing to put in—and while doing so, change the lives of the clients you serve.

But this is not a career you “try on.” Financial advising is a profession, just like medicine or law, and it requires a professional level of commitment. Like medicine and law, a career as a financial advisor requires additional education, specialized training, intense effort, and some sacrifice. For this reason, the same level of thought you would put into going to medical or law school should go into your decision to pursue a career in financial services.

“The real competition is death, disability, and old age. Advisors see their role as getting to the client before the competition does.”

This is a journey only for those who are truly committed. But for those few, the rewards are high. You will experience the four I's of the profession: impact, independence, intellectual stimulation, and income.

Impact

Being a financial advisor is not about selling. It is about helping others prepare for the risks we all face in life and being there when people need us most. It is about helping your clients achieve financial security and independence—showing them a path to lift themselves out of debt, put their children through college, retire in the lifestyle they desire, or achieve their hopes and dreams.

Being a financial advisor is also about building relationships. You will develop deep relationships with the clients you serve and become an integral part of your community. In this profession, you will literally change the course of people's lives.

Independence

As a financial advisor, you will have control over your practice. You will decide what markets you serve and how you spend your time. Becoming an advisor is like going into business for yourself but without the capital investment required to start a business and with extensive support from your company and firm.

Most advisors enjoy a truly balanced lifestyle, taking time when they want for family, friends, and other important life events. Whether you want to attend your children's school events, care for a sick loved one, or simply don't want to work on Fridays—as an advisor, you will set your own schedule. And as your practice grows, you may actually work less, not more. Of course, to

achieve this level of independence requires a commitment to building a thriving business. As one advisor puts it: “I had no vacation during my first three years in the business. But now I take 14 weeks of vacation a year!”

Intellectual Stimulation

It's easy to become disenchanted with a career when you feel like you're just going through the motions. That feeling usually occurs when you're not intellectually challenged. Doing the same thing day after day wears on people. How do you avoid that boredom? By finding a career that puts you in an environment that creates intellectual stimulation.

This is not a profession where you will become easily bored. There is always something new to learn—new products, new technologies, and new ways of doing business. You will develop skills that will serve you throughout your life, from problem-solving and decision-making to business management and leadership. Every client is unique, with specific needs and challenges, and each day will bring opportunities for you to learn and grow.

To be a good physician, you must stay relevant, keeping current on new medical techniques and maintaining your medical license. The same is true of being a good financial advisor. You will be required to pass different licensing exams and maintain your licenses through continuing education. There are also certifications available so you can continually become stronger in your profession.

Income

I have witnessed many enter this profession and while still in their twenties, earn a six-figure income. They have built up a clientele of several hundred working professionals, families, and businesses, and know they are making an incredible difference in the lives of those they serve.

There are different entry points to the profession. You may choose to join a firm as an employee where you will receive a set salary with potential bonuses. Or you may decide you want to build a business where your income is determined by your own efforts. Both options offer opportunities to earn an excellent income. As you explore the profession, you should decide which path is best for you.

How Do You Want to Enter the Profession?

Think of it this way: if you want to become a lawyer, then after you graduate from law school and pass the Bar Exam, you have a decision to make. You can join a law firm as an employee, or you can decide to hang up a shingle and start your own law practice. Either way, you are practicing law. But one choice is more entrepreneurial—going out and finding your own clients versus working in a firm where clients are assigned to you.

You have a similar choice when you decide to become a financial advisor. Do you want to join a firm where you will be an employee, or would you rather build your own practice? It is a personal choice. Both have advantages and disadvantages, and there is no right or wrong answer.

Is the Entrepreneurial Choice Risky?

The entrepreneurial, or pay-for-performance, model is the one most people associate with being a financial advisor and the one with the highest income potential. In this model, your income is limited only by your efforts. You control how much money you earn based on the production you generate. Over time, you can build recurring revenue streams, which can significantly increase your revenue and provide a steady income.

Some people are concerned about performance-based compensation, seeing it as too risky. Another way to view risk, however, is the risk associated with how many people pay you. For example, as an employee, you have one employer that is paying you. Should you lose your position for some reason, you will lose your income. Or if you are a business owner with 40 accounts and two of those accounts make up 80 percent of your revenue, there's a real risk that your business would not survive if one of those accounts is lost. Advisors have hundreds of clients compensating them. They do lose clients from time to time, but there is little risk with several hundred clients paying them.

When considering risk, you should also consider investment and return. Your financial investment as an advisor is low, perhaps the cost of licensing. Business owners and other professionals—physicians, for example—make a much higher initial investment, especially when you factor in the cost of tuition.

A career as a financial advisor requires minimal investment and offers low risk with a very high rate of return. Advisors often earn six-figure incomes in three to five years, sometimes sooner.

Career Investment–Risk–Return Matrix

	INVESTMENT	RISK	RETURN
Financial Advisor	Low	Low-Med	High
Small Business	High	High	High
Franchise	High	Med-High	Med-High
Professional	High	Low-Med	Med-High
Employee	Low	Low-Med	Low-Med

The Time Is Right

Why is it that in the most bountiful nation in the world, so few reach financial security and independence?

There has never been a better time to enter the profession. Nearly 40 percent of the advisor field force is expected to retire in the next several years, while new advisors coming into the profession each year barely offset the number leaving.⁶

At the same time, the need for financial security products and services among the public is growing. Consider these statistics:

- Nearly half of the people in the United States have no life insurance, and those that do are often underinsured.⁷
- Approximately 50 percent of US households have no retirement savings.⁸
- A vast majority of millennials (the largest living generation in the US) do not have a financial advisor and do not invest their money.⁹

Many people do not understand how a financial advisor can help them achieve their short- and long-term goals, regardless of their current financial situation. Opportunities abound not just

⁶ J. Sergeant, "Financial Industry in Danger of Facing an Advisor Shortage, Cerulli Says," Financial Advisor (June 27, 2023).

⁷ C. Crail and M. Megna, "Life Insurance Statistics, Data, and Industry Trends 2023" Forbes Advisor (June 21, 2023).

⁸ "Half of American households have no retirement savings," USA Facts (April 25, 2023).

⁹ M. Zhou, "Build a Business as an Advisor Around Under-Served Clients," Investopedia (October 30, 2023).

in traditional markets but also in many underserved markets in financial services such as rural areas, middle- and lower-income communities, and small businesses, as well as with women, people of color, and younger generations.

As a financial advisor, you can help people secure their financial futures and achieve their dreams. You truly can do well by doing good.

Questions to Ask Yourself

As you consider a profession in financial services, ask yourself these questions:

- Which of the four /'s motivates me the most?
- What level of risk am I willing to take to build a practice?
- Which is the best path for me to enter the profession?

Questions to Ask during the Recruiting and Selection Process

Consider these questions as you explore the profession with different companies, agencies, or firms:

- What licenses are required, and who pays for the exams?
- What training or support do you provide to help me prepare for licensing exams?
- What certifications do you require or recommend?
- How will I be compensated?

What Challenges Will I Face as a Financial Advisor?

According to industry research, the four-year retention rate for financial advisors is around 15 percent.¹⁰ That means that approximately 85 percent of advisors leave the profession before they have established a solid foundation.

With so much opportunity and so many rewards, why do so few people stay? Because great reward does not come without some sacrifice. This profession requires anywhere from two to five years of training, long hours, and hard work to build a successful practice.

The good news is that you are not the first. Companies and firms have solid systems in place that, provided you follow them, will work. The more than 300,000 highly successful advisors in the industry today are living proof.

“The reality is that most people begin to work with a financial advisor because the advisor had the courage to reach out and plant a few seeds, causing them to think about what they want their future to look like. Very few will seek out a financial advisor on their own.”

¹⁰ M. Horton, “Practice Management Guide for Financial Advisors,” Investopedia (May 3, 2023).

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Still, there will be challenges, both personal and professional. You should consider each of them carefully as you make your decision.

Finances

If you take the entrepreneurial route and decide to build your own business, then your income may be limited during your early years in the profession until you establish a solid client base. Some companies offer subsidies or salary programs to assist you as you build your clientele and begin to generate revenue. In exchange for this support, most companies will expect specific activities and results from you.

All new advisors begin their careers doing joint work with a manager or experienced advisor, providing opportunities to earn while they learn. And many companies and firms are moving toward advisor teams, which can also provide opportunities to generate revenue early in your career.

Personal Support

A personal support network is crucial in the early years of your career. This is especially true if there are others who depend on you financially. It is difficult enough to get established in this business; doing so without the support of your family or friends makes it even more so. Many firm leaders will meet with family members as part of the recruiting process to help them understand both the sacrifice and the rewards of the profession.

Prospecting

One of the most important steps for any candidate is identifying how they plan to build a client base. Many people enter the profession focused only on the technical aspects. While these are important, it will take many years to become a technical expert. In the meantime, you must build your business. Most firms you interview with will help you to determine if you have the marketing mindset needed to make it in the business. Many include this as part of the selection process through activities that help you identify and approach potential clients.

Rejection

You will have to talk to a lot of people to build your client base. Many of them will not be willing to meet with you, won't listen to your advice, or won't be willing to introduce you to others. You can't take it personally. You must persevere to find those people who are interested in speaking with you and understand the value of the services you offer. Rejection can be hard, but as you gain experience, you will get better at identifying your ideal clients. And as you see the results of your efforts through clients who achieve their financial goals or whose families are protected when a loved one dies, you will experience first-hand the importance of the work you do.

Questions to Ask Yourself

As you consider a profession in financial services, ask yourself these questions:

- Do I have the finances to survive during the early years?
- Am I willing to make the sacrifices a limited income requires now for financial success later?
- Does my family support me in this decision, and are they willing to make the sacrifices needed for long-term rewards?
- Am I willing to approach people I know and ask for their help getting started?
- Will I be able to handle rejection?
- Do I believe strongly enough in the value of the products and services I would be offering to persevere?

Questions to Ask during the Recruiting and Selection Process

Consider these questions as you explore the profession with different companies, agencies, or firms:

- Do you offer subsidies or salary programs for new advisors?
- What opportunities are there for me to generate income through joint work or teaming?

What Support Will I Get from the Company and Firm?

Every successful advisor has overcome the challenges described here. The companies and firms you interview with want you to succeed. They understand these challenges and have processes in place to support you.

Think about the best hospitals—What do they have in common? Most of the best hospitals are teaching hospitals. Physicians seek out these hospitals because they want to work in an environment committed to best-in-class care, learning, and innovation.

Just as teaching hospitals are committed to the health and well-being of their patients and to the selection and training of the next generation of doctors, the firms you are meeting with are equally committed to the financial well-being of their clients and to the selection and training of future advisors.

Make no mistake, they will set very specific goals and will hold you accountable for achieving results. But they will also guide you through the processes that have helped many others succeed.

“I have seen many systems and training programs for advisors, and they all work when they are followed. Where mistakes are made is when someone tries to beat the system. I have yet to see that work.”

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Most companies have formal training programs that will teach you the skills you need to succeed, including prospecting for clients and running client meetings. Many training programs also include business management skills to help you build a productive, efficient practice.

In addition to classroom training, you will also receive a good deal of on-the-job training. Many firms have mentoring or joint-work programs where you will be paired with one or more experienced advisors. During this time, you will also be building your own clientele.

The company and firm may also have promotional materials to introduce you to the community and market your practice. Some provide administrative support so you can focus on working with clients.

Questions to Ask Yourself

As you consider a profession in financial services, ask yourself these questions:

- **Am I willing to follow company and firm processes to build a successful business?**
- **Am I open to feedback and committed to acting on it to strengthen my skills and build my business?**

Questions to Ask during the Recruiting and Selection Process

Consider these questions as you explore the profession with different companies, agencies, or firms:

- What training will you provide as I get started and throughout the rest of my career?
- Do you have a formal training program and structured development process?
- Do you have a formal mentoring program?
- How will you help me to establish a client base and market my business?
- What other support is available to help me build my business?
- What are the requirements for me to receive support from the company or firm?

What Can I Expect If I Continue the Process?

As you may have already discovered, the selection process for new advisors is more involved than the selection process for most other jobs. In addition to interviews, usually with multiple people in the firm, many organizations include one or more of the following:

Background checks. Because of the nature of the work, most firms conduct reference checks, credit checks, and criminal background checks on potential advisors.

Selection tests. Many firms use at least one selection test. These tests are used to assess a candidate's fit with the profession and willingness to do the job.

Job-sampling activities. These are activities that help you get a feel for the career and give the firm an indication of your ability and willingness to perform required tasks. The two activities used most often are the Project 100 (sometimes a Project 200 or 300) and market surveys. In the Project 100, you will create a comprehensive list of people you know. Market surveys are

“Advisors understand they need to be courageous leaders in the lives of their clients. They must challenge clients to think about what the world might look like without them in it and decide if they are prepared for that.”

questionnaires you then use to gather information from the people on your list. These activities will give you a sense of what the early stages of your career will be like. They answer three critical questions for the firm: Do you have a potential market? Do you have influence with others? Can you ask questions and gather important facts and feelings?

Business plans. Some firms require that you develop and present a business plan or marketing plan. These plans identify how you will build a clientele and grow your business.

Licensing. It is likely that the company you are meeting with will require you to hold several licenses. Don't underestimate the importance of these licensing exams. Some require a 30-day waiting period before retaking the exam if you fail the first time. This can set you back from a productive start. It's better to overprepare so you can take the exam with confidence. Each company has its own requirements for when licensing must be completed and how exam fees will be paid.

Precontract period. You cannot sell financial products or receive compensation until you have obtained the appropriate licenses. Many companies use a precontract period to begin your training while you are completing licensing requirements. During this time, you may schedule appointments for senior advisors, go on joint calls, or attend training on company products and services. Each company has its own precontract process. Some provide salaries or subsidies during this period.

Questions to Ask Yourself

As you consider a profession in financial services, ask yourself these questions:

- Am I willing to complete a Project 100 and gather information from people on my list?
- Am I committed to spending time preparing for and passing licensing exams?

Questions to Ask during the Recruiting and Selection Process

Consider these questions as you explore the profession with different companies, agencies, or firms:

- What licenses are required for this position?
- What support does the company or firm provide to help me study for and pass the licensing exams?
- Is there a precontract period?
- What are the requirements during the precontract period?
- How long is the precontract period?
- Is any type of financial support provided during the precontract period?

Is This the Right Profession for Me?

There is no simple test to determine if this profession is right for you. As you go through the process, ask as many questions as you can, gather information from everyone you speak to, complete the required assignments, and reflect on how you feel about them. The best advice we can give you is to trust your instincts.

Profile of a Successful Candidate

It might help to know what a high-profile candidate looks like. The Finseca Foundation has done extensive research on recruiting and selection practices in financial services. Top-performing organizations most often seek candidates who are self-motivated, have an entrepreneurial mindset, are coachable, and demonstrate integrity. Other important traits include a desire to help others, the ability to build

“To succeed in this profession, you need the heart of a social worker and the head of an entrepreneur. This is a profession where you are serving others. There has to be a balance. It isn’t just about making a profit. You must truly care about your clients. No one cares how much you know until they know how much you care. That’s what’s most important.”

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strong personal relationships, and being energized by meeting new people. If these characteristics describe you, then there is a good chance that this may be the right profession for you.

Is This the Right Firm for Me?

Look for organizations that are committed to serving their clients—the people who are entrusting their financial well-being to advisors—and are skilled at teaching the art and science of being a financial advisor.

Once you decide to pursue the profession, you need to choose the firm you want to join. This is important because every firm, even those with the same company, has a unique culture.

Advisor Retention Rates

The industry four-year retention rate for financial advisors is around 15 percent. However, there are firms with retention rates of 50, 60, or even 90 percent. Firms with higher retention rates are often the ones with the strongest onboarding, training, and development programs.

Onboarding, Training, and Development

If you were going into medicine, you'd want to affiliate with a hospital with the best medical school. Those hospitals are not only good at serving their patients, they're also very good at growing the next generation of doctors. The same is true in financial services. You want to join a firm where developing and supporting advisors is a top priority.

Business Model

Some firms are moving away from the traditional solo-practitioner business model with a single advisor in each practice (usually with one or more support staff) and are focusing more on advisor teams. These teams can take many different forms from a new advisor paired with a senior advisor who wants to expand the practice, to partnering with another advisor to share expenses and resources, to teams of specialists who may divide revenue based on their roles in the organization. It's important to understand what your role will be in the firm, how you will be compensated in that model, and what options there are in the future to practice in different capacities.

Culture

Some firms are formal. Some are more casual. Some expect you to follow their systems exactly; others allow for a more flexible approach. Some firms are collaborative where advisors work together and share information; others focus more on working independently. Some will expect you to work in the office; others have remote or hybrid work schedules. Every culture is unique, and it is important to find one that aligns with your personal work style and values.

Questions to Ask Yourself

As you consider a profession in financial services, ask yourself these questions:

- Am I excited by the prospect of meeting new people every day and helping them achieve their goals?
- Do I have the self-motivation and self-discipline to build my practice?
- Do I want to build my own business, or would I rather be part of a team?
- In what culture and work environment do I do my best work?

Questions to Ask during the Recruiting and Selection Process

Consider these questions as you explore the profession with different companies, agencies, or firms:

- What is your firm's four-year retention rate for advisors?
- Will I have an opportunity to speak with other advisors in the firm during the selection process?
- What is a typical career development path, and what opportunities will I have to grow in different roles?
- What are the firm's vision, mission, and core values?
- How would you describe the culture?

Four Fundamental Questions

By now you should have an idea of the challenges and rewards of the financial advisor profession. You may be excited about moving forward or apprehensive about the sacrifices required. Both feelings are good. They help you make the decision that is right for you. As you reflect on all that you have learned about this profession, consider your answers to these four important questions.

- Why do you want to become a financial advisor? This profession requires sacrifice early in the career. Keeping your focus on which of the four I's drives you—impact, independence, intellectual stimulation, or income—will help you through the early years. With clear goals and a strong purpose, you can succeed.
- Are you ready to become a business owner? While you will have plenty of help from your company and firm, the success of your business ultimately depends on you. Are

“To endure the first few years and make the necessary sacrifices to become successful in this profession, advisors must know why they are doing it. If you know why you are pursuing a goal, you can overcome just about anything.”

you ready to make the commitment required to build a successful business?

- How will you build your clientele? The answer to this question is critical to your initial business plan. To build a clientele of 100 clients usually means meeting with at least 300 people. Meeting with 300 people can require talking to 1,000 or more prospects. Are you willing to network and ask for referrals?
- Do you believe in what financial advisors do? As an advisor, you assist your clients in reaching their life's goals. You are the protector of their hopes and dreams for the future. As you proceed through the selection process, ask yourself, "Is this something I am passionate about and truly believe in?" Knowing the answer to that question will make your decision clear.

For the right people, becoming a financial advisor is one of the most meaningful career choices they will ever make. If you choose this path, you will be helping people start and stay the course to financial security, whatever life may bring.

Too many people today are financially unprepared for the unexpected—the loss of a job, an injury that prevents them from working, or the death of a loved one. Too many will not be able to maintain their lifestyle when they retire or leave a legacy for their children. Too many cannot say with 100 percent certainty that they will not outlive their savings.

As a financial advisor, you will help your clients prepare for the unexpected and plan for the future. You will help people purchase their first home and send their children to college. You will help families keep their homes if their income suddenly ends due to death or disability. You will help couples retire

comfortably, knowing that they are financially secure for the remainder of their lives.

You will change their lives forever.



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If you are considering a career as a financial advisor, this guide will help you decide if the profession is a good fit for you. It provides:

- An overview of the profession, including the important role advisors serve in society and the rewards and challenges of the career.
- Details about the selection process companies and firms typically use to assess your ability and commitment to building a successful business.
- An explanation of the different entry points into the profession.
- Questions to consider as you explore the profession as well as questions to ask during the selection process.

Our purpose is to educate those who are considering a career as a financial advisor. We hope to inspire and encourage those who picture themselves excelling in this important profession.



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