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Short on Future Advice

Industry Projects Significant Shortage of Financial Planners

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San Diego — As more financial planners enter their 60s, wealth management firms and universities are looking for ways to bring younger people into the profession.

Adam Werner is president of the NextGen Chapter of the Financial Planning Association of San Diego, which is trying to raise awareness about careers in wealth management.

"From the undergraduate perspective, there isn't much awareness," said Adam Werner, a certified financial planner and president of the NextGen Chapter of the Financial Planning Association of San Diego. "We're trying to get younger financial advisers into the business,"

U.S. advisers' average age was close to 60 as of last year, with 43 percent more than 55 years old vs. only 11 percent younger than 35, according to research firm Cerulli Associates. Moss Adams LLP estimates that by 2022 the U.S. wealth management industry is likely to face a shortfall of at least 200,000 advisers.

Werner said he didn't hear about the San Diego State University training program until after he graduated from the school and that many young people aren't aware of wealth management as a career choice.

Financial planner Andrew Marshall, of Andrew Marshall Financial LLC, said the problem of aging financial advisers is well known in the industry. Like Werner, he believes the solution is to promote the profession among young people who are looking for interesting ways to make a living.

Andrew Marshall

At age 41, Marshall is a member of Generation X, Americans born from the early 1960s to the mid-1970s. He said less seasoned financial planners like himself can relate more easily to the needs of young investors.

Werner said he is working to publicize the SDSU College of Business Administration's personal financial planning program. The program is following the example of Texas Tech and Virginia Tech, which have built strong reputations for turning out quality graduates who specialize in wealth management.

Products vs. Relationships
The legacy business model of financial planning was to earn money by selling insurance and investment products, Werner said, with wealth management services available to clients with certain levels of investments or deposits. As investment tools have become available to consumers, the focus has shifted to developing relationships and helping clients make good financial decisions. There is less emphasis on generating commissions.

The idea is to view clients as people you will be working with for decades, he said. The hope is that this way of doing business will attract more young people into the profession.

"I look at this as a 20- or 30-year investment of time," Werner said. "I am not trying to make money on a commission. I am trying to provide a service that is longstanding. The more value I provide, the lower attrition I have and the more trust and confidence that builds with the client."

Werner said older planners still have an important role to play, however. The best way for young people to succeed in financial planning is to be mentored by experienced professionals.

One of the goals of the NextGen Chapter of the FPA is "to ensure the transference of wisdom, tradition and integrity, from the pioneers of financial planning to the next generation of our profession."

Reluctant to Retire
Thomas M.D. Warschauer, director of financial planning programs at SDSU, said one reason the profession has a heavy balance of middle-aged and elderly advisers is that people are reluctant to retire. They simply like their jobs too much.

"It is a well-paid and very satisfying career," he said.

As the population ages, the demand for financial planning services is expected to increase.

According to the U.S. Bureau of Labor Statistics, as of 2015 the median annual pay for personal financial advisors was $89,160. The typical entry level education required was a bachelor's degree.

Warschauer said one of his challenges is to communicate to college students just how desirable a career in wealth management can be. Currently, the SDSU financial planning program has about 100 students who are earning bachelor's degrees and 30 who are master's degree candidates.

"We are engaging in a marketing effort to double the size of both of these programs," he said.