

doing
well
do well
by doing good
good

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



Why become an advisor?

This is not a career that you “try on.” Financial advising is a profession, just like law or medicine, and it requires a professional level of commitment. Like law and medicine, a career in financial advising requires additional education, specialized training, intense effort and some sacrifice. For this reason, the same level of thought you would put into going into 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, and 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 three Cs of this career: Contribution, Control and Compensation.

Contribution. Financial advising is not about selling. It’s about helping others — helping them to prepare for the risks we all face — and being there when they need it most. In this career, you will literally change the course of people’s lives.

Control. You will have control over your practice. You will decide who your clients are and how you spend your time. Becoming an adviser is like going into business for yourself, but *without* the capital investment required in starting a business and *with* extensive support from your company and agency or firm.

Compensation. Advisors invest a great deal of time and effort early in the career. But for those who stay the course, the rewards can be high. In a white paper published by Monster Intelligence and based in part on GAMA Foundation research, financial advising was reported as one of the top 10 highest-paying careers in the U.S.¹

Most successful advisors also enjoy a truly balanced lifestyle. As your practice grows, you may actually work less, not more. One advisor in the report stated, “Now I take 14 weeks of vacation a year, but I had no vacation during my first three years in the business.”²

Advisors do indeed do well by doing good.

¹ *Financial Services Professional Report*, Monster Intelligence, Fall 2006.

² *Ibid.* p. 6.

The time is right.

Business and economic trends are promising for a career in insurance and financial services. Demand for professionals in the industry has never been greater.

At a 2007 summit of financial services industry executives, former Chair of the Federal Reserve Alan Greenspan stated, “When you get right down to the bottom line, even if we can fully fund Social Security and Medicare, our retirees are still not going to receive the 70 percent to 80 percent of the replacement income a financial advisor would recommend to a client....

It’s not an accident that your profession has increased as it has.”³

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

A 2008 issue of *BusinessWeek* addressed the concerns of the Millennial Generation (ages 18 to 29) as they enter the workforce.

“As the government and employers shift more responsibility for benefits like health care and retirement onto the shoulders of individuals, many Millennials see themselves as unwitting victims... This may be the first generation to fully feel the great shift of risk in their bones.”⁴

The Monster Intelligence white paper cited earlier identified the following trends:⁵

- The first of the 78 million Baby Boomer generation turned 60 in 2006 and faces retirement. This generation holds an estimated \$17 trillion in assets that need to be managed.
- Reliance on Social Security and company-sponsored pension plans is decreasing, while self-reliance on personal retirement planning is growing.
- Baby Boomer parents are passing their accumulated wealth onto their children, which requires estate planning expertise.
- People are living longer, meaning they will need to plan to make their retirement funds last over a longer period of time.

³ LIMRA 2007 Annual Meeting, Boston, MA, Oct. 30, 2007.

⁴ “Youth Quake!” *BusinessWeek*, Jan. 21, 2008, p. 34.

⁵ *Financial Services Professional Report*, Monster Intelligence, Fall 2006, p. 5.

- Increased life spans require that consumers plan for long-term care needs.
- The complexity, choice and sophistication of financial services means the average consumer needs more advice to effectively accumulate, protect and distribute wealth.

What does all this mean if you are considering a career in the insurance and financial services industry?

It means that people entering the workforce, people leaving the workforce, people in the midst of their careers and all of the people who are dependent on them are in need of a knowledgeable, ethical and committed financial advisor.

The need for advisors has never been greater. Those who enter the industry and establish their practices over the next several years will be in an ideal position to make an incredible difference to society and to build a very bright future for themselves.

What challenges will I face as an advisor?

Statistics from LIMRA International indicate that the average four-year retention rate for advisors is 15 percent.⁶ That means that only about one in 10 remain in the career after the first four years.

With such a great need and so many rewards, why do so few people stay? Because great reward does not come without sacrifice. This is a career that requires anywhere from two to five years of training, long hours and hard work to build a successful practice. The good news is — you are not the first. Companies in the industry have 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.

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

⁶ 2006 LIMRA statistics, www.limra.com.

Is this the right career for me?

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

Advisors understand they need to be courageous leaders in the life of their clients and help them think about some challenging thoughts as to what the world might look like without them in it and if they are prepared for that.

Profile of successful candidates. It might help to know what a high-profile candidate looks like. The GAMA Foundation has done extensive research on recruiting and selection practices in financial services. Top-performing financial services organizations most often seek candidates who have integrity, are coachable, competitive, ethical and have a natural market. Other important traits include confidence, self-motivation, a professional manner and an achievement orientation.⁷ Financial services professionals interviewed in the *Financial Services Professionals Report* also identified the following key characteristics of successful advisors:⁸

- The desire to help others
- The ability to listen
- The ability to build strong personal relationships
- The ability to draw energy and excitement from meeting new people and working in an ever-changing, dynamic work environment.

If these characteristics describe you, then there is a good chance that this may be the right career for you.

⁷ *Finding the Right People*, GAMA Foundation, 2006, p. 3.

⁸ *Financial Services Professional Report*, Monster Intelligence, Fall 2006, p. 9.

Ask yourself four fundamental questions.

By now, you should have a good idea of the challenges and the rewards of a career as an advisor in the financial services industry.

You may be excited about moving forward or apprehensive about the sacrifices required. Both feelings are good. They help move you toward making the decision that is right for you. As you reflect on all that you have learned about this career, consider your answers to these four important questions:

To endure the first few years and make the necessary sacrifices to become successful in this career, advisors need to know why they are doing it. If a person knows why they are pursuing a certain goal, they can overcome just about anything.

- **Why do you want to become a financial advisor?** This career requires sacrifice. Keeping your focus on which of the three Cs drives you — compensation, control or contribution — will help you through the early years. With clear goals and a strong purpose, you can succeed.
- **Are you ready to be a business owner?** While you will have help from your company and agency or firm, the success of your business will ultimately depend upon you. Are you ready to make the commitment required to build a successful business?
- **How will you build a clientele?** Building a business requires planning. And the answer to this question is critical to your initial business plan. To build up a clientele of 100 clients usually means meeting with at least 300 people. Meeting with 300 people can require talking with 1,000 or more prospective clients. Are you willing to network and ask for referrals?
- **Do you believe in what financial advisors do?** As an advisor, you are assisting your clients in reaching their life's goals. You are the protector of their hopes and dreams for the future. As you proceed through each step in 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.