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Lazetta Rainey Braxton
co-founder and CEO,
2050 Wealth Partners



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Wanted: Financial advisers

Overwhelmed investors are looking for pros who can relate to them. Here's how to get into the field.

Monique Johnson Special to USA TODAY

Worried about tax liabilities? Estate planning? Saving for college? Preparing for retirement? A professional financial adviser can provide essential guidance on these and other matters.

“You need to find somebody you can trust,” says Brad Sanders, director of personal wealth management at Stonebridge Financial Group.

Or maybe you'd like to provide that trusted guidance to others by becoming an adviser yourself.

Years ago, financial advisers were mostly people who sold financial products and services for banks and insurance companies. But as the number of investment options has increased, as personal finances have become more complex and as the disappearance of pensions has required more people to be proactive about saving for retirement, the role of financial advisers has had to evolve.

Today's financial advisers aren't selling stocks and bonds as much as expertise and advice. And they don't just crunch numbers. They spend time with their clients to get a sense of their goals and to draw up a plan for achieving them.

Job qualifications and salary considerations

“You don’t have to have an MBA to be a financial adviser,” says Michael Kitces, head of planning strategy at Buckingham Wealth Partners in Reston, Virginia. “But a college degree is usually necessary.”

“The entry pathway is typically to earn certified financial planner [CFP] certification on top of a bachelor’s degree, although graduate-level master’s degrees are now emerging,” he says.

And given the always-changing nature of the economy, a financial adviser’s education is never complete.

“We encourage all advisers to continue their education with programs offered in their area of specialty,” says Brian Heckert of FSM Wealth in Nashville, Illinois. Many advisers take part in study groups to stay on top of developments in the field, he says. Such gatherings “allow us to dive deep into topics with people who are exploring these ideas and working daily with client needs.”

Financial advisory can be a lucrative career.

Starting incomes for those who have just completed the CFP educational requirement can range from \$50,000 to \$70,000, depending on where the adviser works and lives, Kitces says. Research by his firm found that the median income for an experienced financial adviser is \$192,000. (The median means half make more and half make less.)

Advisers may work on a fee basis, similar to how a client would pay an accountant or attorney, or may charge clients a percentage of the assets they have under management, Heckert says.

In commission arrangements, “the more assets, the lower the rate,” he says. While many professionals have shifted to fee-based service, there are still those who work on commission, he says.

Whatever the payment arrangement, advisers are required to have certain licenses and affiliations.

“From a regulatory perspective, you need a Series 6 license to sell mutual funds, or a Series 7 license to sell stocks or bonds and must be affiliated with a broker-dealer to sell,” Kitces says. “By contrast, to get paid a fee for advice or investment management, you need a Series 65 license, and must be affiliated with a registered investment adviser.”

Values and soft skills count as much as numbers

Finding a job in the field is important, of course. But so is making sure that the job you ultimately settle into is a good fit with your personal values.

When interviewing with potential employers, “determine if what you hear aligns with why you decided to pursue being an adviser,” says Lazetta Rainey Braxton, MBA, CFP and co-founder and CEO of 2050 Wealth Partners in New York City. “Remember that all experience is good experience even if it compels you to question if your first job in the profession was the right one for you.”

Considering that advisers use math to assist clients in making informed decisions, it’s easy to assume that being a math major or spreadsheet wizard would give you a career edge. Soft skills, however, are more valuable and can set you apart as you progress in the field.

“The greatest asset for many advisers is emotional intelligence — the ability to meet clients where they are emotionally with their money and guide them with using their money to support their life and legacy,” Rainey Braxton says. “Recognizing their goals and values, being a great listener, showing compassion, holding them accountable to their goals, and letting their best interest direct the engagement.”

Radical changes require a new approach by investors

A few decades ago, investors may have been able to take a largely hands-off approach to their finances and still do fine, some advisers say.

“In the mid-1980s, when I started, most of the middle class could save money in an interest-bearing deposit making 10%,” Heckert says. Many people didn’t need to invest more to generate higher earnings because a \$200,000 certificate of deposit at a bank paying 10% would generate \$20,000 of income a year. “Combined with Social Security and the mortgage (being) paid off,” Heckert says, “there was little need to plan.”

Meanwhile, he says, 401(k) plans “were just starting, and most people who had company-sponsored retirement plans back then were involved in pension plans that paid a monthly income. It was much simpler because the options were much simpler.”

Today, however, traditional savings accounts pay less than 1% annual interest. Pension plans are increasingly rare, Social Security benefits are inadequate for many, and saving and investment options are more complex.

Consumers can buy individual stocks and bonds, or they can buy mutual funds made up of assets selected by professionals. They can buy real estate and exchange-traded funds. They can set up an annuity or purchase cryptocurrencies and other alternative investments.

How well the industry reflects its potential customer base is a question of increasing importance. Women are half the population but less than a quarter of certified financial planners. About 83% of certified planners are white, while just 4% are Asian, less than 3% are Latino, less than 2% are black and 0.2% are American Indian or Alaskan native. Planners in their 20s represent less than 6% of the total, compared with about 23% in their 30s and 25% in their 40s, according to the CFP Board. Meanwhile, a J.D. Power survey found that the average age of financial advisers was 55 and that 20% of the industry was age 65 or older.

With so many choices, and so much information about them, consumers are easily confused and overwhelmed. And every person has his or her own needs. An investment that’s beneficial for one might be detrimental to another. Advisers provide clarity and help individuals develop customized plans.

“The world has evolved so much in recent years, and people are inundated with access to more information than they can possibly review,” says Sanders, of Stonebridge. “A quality adviser is somebody in your corner to wade through mountains of information and help make recommendations that are in your best interest.”

Customers are more diverse; industry needs to catch up

The field of financial advisory is particularly lacking in demographic diversity — in terms of race and ethnicity, gender and age — and has a ways to go to better reflect its potential customer base, some advisers say.

There was a time when the clients seeking professional financial advice were primarily older white males, and providers mirrored that demographic.

But the landscape is changing as the nation becomes more ethnically diverse, Generation Z enters adulthood and more

women take the reins of financial planning.

Women are in charge of one-third of total household financial assets, according to research released in 2020 by McKinsey and Co. By the end of this decade, McKinsey forecasts that women will oversee a significant portion of the \$30 trillion in assets belonging to Baby Boomers.

Meanwhile, investors under age 40 may have different retirement timelines than previous generations. Many Gen Zers and millennials are pursuing a financial path known as FIRE — “financial independence, retire early.”

The ranks of professional advisers, however, doesn’t necessarily mirror the investing population.

While women are half the U.S. population, they make up a little more than 23% of certified financial planners, according to the CFP Board, a nonprofit group that sets standards for the industry.

Certified planners in their 20s represent less than 6% of the total, compared with about 23% who are in their 30s and 25% who are in their 40s, according to the board. And while roughly 83% of the nation’s 94,000 certified financial planners are white, just 4% are Asian, less than 3% are Latino, less than 2% are Black and 0.2% are American Indian or Alaskan Native.

“I think there is a lack of youth and diversity in the financial services industry,” Sanders says, citing a 2019 J.D. Power survey that found that the average age of financial advisers was 55, and that about 20% of the industry was 65 and older. “As our population continues to age and retirement and wealth transfer topics affect more people, the industry needs to become younger and attract qualified and dedicated professionals.”

Women of color represent a prime client pool.

“Women of color are achieving success in corporate America and as business owners,” says Kamila Elliott, a member of the CFP Board and CEO and founder of Collective Wealth Partners in Atlanta. Yet statistics show “that we often work longer hours, face larger obstacles in creating businesses, and often face capital challenges. Therefore, having a financial professional to provide support and guidance is even more critical to their long-term financial success.”

Stephanie Vaught, a financial coach and CEO of the Detroit-based firm Social Money Finance, says that as the nation moves toward a time when people of color represent a majority of the population, “wealth will evolve, and more diverse professionals will be able to help clients plan for their future.”