

Solving the Deficit in Next-Generation Advisor Talent

New programs and alliances match advisory firms with qualified college students and graduates

With thousands of Baby Boomer-era advisors poised to start retiring en masse, the wealth management industry is facing a serious succession-planning crisis of its own. According to the Harvard Business School, the financial services industry has experienced a serious decline in new entrants that ranges between 31% and 45%¹. J.D. Power's 2019 U.S. Financial Advisor Satisfaction Study also revealed that the average age of financial advisors is about 55, with only 11% of advisors under the age of 40².

Despite the critical need to attract young talent to the industry, many firms say they lack the resources to source, train, and place the new employees they need to grow their businesses. In fact, 73% of respondents to the 2018 Fidelity Talent and Diversity Study indicated they were not satisfied with their own hiring and onboarding process. Nearly 60% also indicated that finding talent that matches their needs is a serious challenge.³

Small to mid-sized firms located outside major metropolitan areas often struggle to attract qualified college graduates to their profession, says Steve Clark, president of DAK Associates, an executive search firm based near Philadelphia. Clark believes that misperceptions of what it means to work on "Wall Street" are partially to blame.

"When students graduate college, they often have no idea how truly vast, complex, and multi-faceted the financial services space can be," said Clark. "We don't have a lack of interest problem with students wanting to join the financial services ranks. But we do have an education challenge to enlighten them around the tremendous opportunities and career paths that exist."

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Assess Your Firm's Talent Acquisition Strategy - Questions To Consider:

1. How are you approaching creating a talent destination?
2. How have you considered engaging colleges and universities?
3. What are must need requirements vs. nice to have requirements to help broaden your potential talent pool into more diverse spaces?

Anand Sekhar, Vice President, Practice Management & Consulting at Fidelity Investments, echoed Clark's sentiments. "The wealth management industry needs to find new ways to attract younger and more diverse people," says Sekhar. "There is a big opportunity to improve perceptions of the industry on college campuses

and attract students from other disciplines beyond traditional business majors. The demand for financial advice will remain strong and the future is bright for those students who are interested and willing to learn about the industry."

Building a Bridge to Next-Generation Talent

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"The perception that financial services is a commission-driven, stress-inducing, cold-calling industry remains a challenge that needs to be overcome," says Jim Seuffert, Managing Director of the Investnet Institute on Campus (EIOC). While many college students continue to major in finance or business, popular films like *The Wolf of Wall Street* and *The Big Short* certainly have not helped build positive perceptions about what it means to work as a financial advisor or work within the financial services industry in general.

To help change those perceptions and educate college students about the vast array of career opportunities available within financial services, Seuffert helped launch the EIOC in 2015. The program seeks to build a bridge between the college and university environment and the wealth management industry to train students and better position them for employment in the industry.

The EIOC provides a mechanism by which motivated students participate in a training regimen

that aims to bridge the gap between the academic and applied knowledge necessary for success in the wealth and asset management industries. The program also seeks to help firms increase the diversity of their workforce by attracting more women and minorities to the industry. There is no cost to students who participate and several corporate sponsors, including Fidelity provide funding for the program.

Through a series of seven self-paced e-learning courses, students at more than 40 colleges and universities can gain foundational training on what it really means to work within the wealth management and asset management industries.

The program teaches students about the different career paths they can take and provides access to industry leaders through webcasts, videos, LinkedIn groups, and personal mentoring. In most cases, students who participate in the EIOC do so voluntarily, but college instructors are increasingly integrating EIOC content into their curriculum, according to the EIOC's Seuffert.

Measurements of Success

- More than 2,000 students have graduated from the EIOC program since its inception in the spring of 2015
- 75% of student enrollees completed the program
- 69% of located graduates have landed jobs or internships within the wealth and asset management industry
- Participation among colleges and universities has grown from four to more than 40

To help bridge the gap between advisors in search of qualified next-generation talent and students who are interested in working in the industry, the EIOC also provides tools and resources to match students with employers. The EIOC has collaborated with DAK Associates to provide an online self-assessment questionnaire that helps students narrow down their career and lifestyle preferences.

“Our program encourages students to take stock of themselves and figure out how they’re wired,” explained Seuffert. “Do they prefer to utilize their soft skills and communicate with individuals, whether it be on the phone or face-to-face? Do they like solving problems? Or, are they more analytical in nature and enjoy working behind the scenes to develop products and technology? We

encourage students to start asking themselves these questions to determine what their career path may look like.”

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Where the Rubber Meets the Road

Advisory firms or asset managers looking to find qualified interns or entry-level employees can take advantage of DAK Associates’ DAKdirect service. DAKdirect offers a “Resume and Internship Hub” that is open to all students who complete the EIOC program. DAKdirect incorporates each student’s background and career preferences into its Intelligent Search™ Candidate Access tool to match up qualified students with internship and employment opportunities at advisory and asset management firms.

DAK Direct Helps Firms Find Interns and Entry Level Talent

Through Fidelity’s Discount Alliance program, Fidelity clients can access a database of qualified entry-level candidates and post job or internship opportunities via DAK Direct. This online hub connects employers with fully vetted candidates, many of whom have participated in the EIOC program. Fidelity clients are also eligible for a free behavioral assessment. Visit www.dakdirect.com for more details.

From a cultural and lifestyle perspective, some students may decide that they prefer to live in a big city and work for a large, multinational firm. However, others may prefer a smaller, more entrepreneurial environment in a suburban or rural location. The Intelligent Search Candidate Access tool incorporates those variables to help ensure a good match and reduce turnover.

Before passing on a student to a prospective hiring firm, DAKdirect also conducts a phone interview to further qualify students and determine if their career goals and background are a good match for the prospective employer. “We qualify all candidates to make sure they’re not wasting their time or a hiring firm’s time,” said Clark.

Smaller, independent firms that lack in-house human resources staff or the ability to reach out to multiple colleges and universities are a good fit for DAKdirect. “These are firms that don’t have the resources for on-campus recruiting or talent acquisition departments,” said Clark. That said, more than 25% of program graduates have landed positions at large firms, including Fidelity Investments.

A Focus on Building Diversity

It's no secret that the financial services industry has experienced a low degree of gender and racial diversity. For example, while women represent 51% of the U.S. population, only 16% of financial advisors are women⁴. Similarly, fewer than 3.5% of the 80,000 CFP® professionals in the U.S. in 2017 were black or Latino, according to the CFP Board's Center For Financial Planning⁵.

To help improve these numbers, the EIOC offers a *Women in Wealth Management* mentoring program. The goal is to promote relationships between students interested in asset and wealth management with respected leaders in the industry. To date, more than 40 young women have participated in the *Women in Wealth Management* mentoring program. Among 2018 program participants who landed jobs or internships within the industry, 28% were women and 23% were minorities.

Challenges Remain

While programs such as the EIOC are helping to bridge the looming talent gap and help change perceptions among college students, the financial services industry still has more work ahead.

"To date, many wealth management firms have focused on "recruiting" talent, which often emphasizes attracting talent from other financial advisory firms," said Sekhar. "The challenge today for the industry as a whole is to attract net new talent and make financial services and wealth management a more attractive destination for young talent in the future."

Learn More

- For additional details about Investnet Institute on Campus, visit www.investnetinstituteoncampus.com
- For more information about DAKdirect, visit www.dakdirect.com



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Contact your Fidelity representative for more information.

¹ Harvard Business School. Historical Career Statistics by Industry: <http://www.hbs.edu/recruiting/mba/data-and-statistics/employment-statistics.html>. Financial services includes: Investment Banking/Sales/Trading, Investment Management/ Hedge Fund, Venture Capital/Private Equity/LBO, Other Financial Services.

² Recruiting Young Financial Advisors? Think Tech and Social Media, Jul 25, 2019. <https://www.napa-net.org/news-info/daily-news/recruiting-young-financial-advisors-think-tech-and-social-media>

³ The 2018 Fidelity Talent and Diversity Study. The 2018 Fidelity Talent and Diversity Study was conducted in two phases. Phase 1: The 2018 Fidelity Talent and Diversity Study was conducted with Fidelity's Financial Advisor Community (FAC), an online blind survey panel (Fidelity not identified) managed by an independent firm not affiliated with Fidelity Investments. The study was fielded from March 27th through April 4th, 2018. 464 active panelists completed the study. The advisors on the panel manage or advise upon client assets either individually or as a team and work primarily with individual investors. Advisor firm types included a mix of banks, independent broker-dealers, insurance companies, regional broker-dealers, RIAs, and national brokerage firms (commonly referred to as wirehouses), with findings weighted to reflect industry composition. The results of the study are weighted to reflect the target populations based on channel and AUM, according to Cerulli data. Phase 2: Qualitative research was fielded August 1 through August 8, 2018 in three cities (Boston, Chicago, and San Francisco). Participants included 25 financial advisors. Participants included a mix of genders, ethnicities, sexual orientation, industry tenures, firm types, and career paths.

⁴ Investnet Institute on Campus Women's Initiative, <http://investnetinstituteoncampus.com/womensinitiative>

⁵ Racial Diversity in Financial Planning: Where We Are and Where We Must Go, <https://centerforfinancialplanning.org/wp-content/uploads/2018/10/Racial-Diversity-in-Financial-Planning.pdf>

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