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Recruiting

## Help Wanted: Advisors Under 50

Joshua Lipton, 04.20.09, 6:30 PM ET

As wave after wave of layoffs hit the financial firms, there is one financial job that just can't attract enough applicants to fill the openings: financial adviser or broker. According to industry insiders and consultants, nobody wants to be a stockbroker these days. According to Cerulli Associates, nearly half of all financial advisers today are over 50 years old. And that aging talent pool isn't being replenished with young blood: Less than 5%, or just 15,000, of the 298,000 U.S. advisers are currently 30 years old or younger, according to Cerulli Associates.

"Long term, this will definitely kill us," says Fusion Advisor Network's Philip Palaveev of the dearth of young-blood flowing into the business. "When this wave of advisers over 50 years old tries to retire, how will we absorb the clients that they leave behind."

All this seems counterintuitive given that there has never been a more pressing need for financial advice. More than 70 million baby boomers are in "pre-retirement" according to T. Rowe Price, and given the recent bear market, many simply don't have enough saved to carry them through the golden years.

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### In Pictures: 10 Things You Need To Become A Financial Advisor

Why aren't young people being attracted to financial advice?

Scott Smith, a senior analyst at Cerulli, attributes the shortage of young advisers to several factors. For one, there continues to be a general lack of awareness about the business, Smith says. A lot of high school and college students aren't aware of what financial advisers do, exactly, or even that the profession exists.

There's also a reputational problem, made worse by the recent financial crisis. Given that financial firms like Merrill Lynch, Citigroup, AIG and other "Wall Street" firms are being blamed for current financial woes and laying off people in droves, the prospect of starting a career as a "broker" or "financial adviser" holds little interest for most young people.

Moreover, many are turned off by the prospect of cold-calling and selling for a living. Still a bigger reason is the shrinking number of training programs.

"The training programs are no longer around," says Howard Diamond, managing director of executive search firm Diamond Consultants. Indeed Merrill Lynch slashed its financial consultant training program in January. Morgan Stanley and UBS have largely done away with their broker training programs as well.

Schwab, which caters to independent advisory firms as a custodian, actively supports advisers once in the business and when they transition from wirehouse to independent advisory. Unfortunately, it does little to bring new blood into financial adviser ranks.

Luckily, some universities have been stepping in to fill the void. There are now about 100 university financial planning programs across the country, including at schools like Kansas State University, Virginia Tech and Texas Tech, where

students take classes on retirement planning, risk management, estate planning, tax law and the latest planning technology.

The students graduate prepared to take their certified financial planner exams. Starting salaries are usually between \$50,000 and \$60,000.

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What can young financial advisers expect once they get certified and land at an advisory firm?

Jon Yankee is co-founder of Reston, Va.-based Fox, Joss & Yankee, a financial planning firm with \$200 million in assets under management. Yankee's firm has hired two young advisers, both of whom had completed M.B.A.s and their Certificates of Financial Planning designations. These associates, both still in their 20s, now help prepare for client meetings, providing support to more senior members of the small firm.

"We involve our associates in everything we do," says Yankee. "Many of the clients now call associates with basic service issues. The partners then don't have to spend time on paperwork. Instead, we can spend time speaking to clients and addressing the issues that concern them."

There are currently about 175 undergraduates enrolled in Texas Tech's financial planning program, says associate professor Deena Katz. Typically, she says, students find work right away. But today, she says the school is having a tougher time placing its graduates in jobs because of industry cutbacks. But the need for these young advisers is greater than ever, she says. The profession needs to attract new talent if it's going to meet and satisfy the growing demand for financial advisers.

"We don't have enough financial planners to handle all the baby boomers," Katz says. "They will all need advice. They can't do it on their own. It is way too complicated, and they have now been way too devastated. They aren't prepared for retirement. So this is a huge opportunity for kids. It's one of the best-kept secrets."

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