

FEATURE

GENERATION NEXT

The background of the entire page is a textured orange-brown color. In the center, there is a large, bright yellow sun setting behind a dark horizon line. Five silhouettes of cowboys in various poses are standing on the horizon. The ground in the foreground is dark and has long, dark shadows cast by the cowboys and cacti. There are several saguaro cacti scattered across the landscape.

**Today's Young Guns are staring
down the retirement crisis.**

Fred Barstein



The conventional wisdom these days is that most of the good plan advisors are old and getting older, and that there are not enough young advisors to step up.

According to a recent Reuters report, 40% of today's financial advisors are going to retire in the next decade. It's also believed that most younger people are no longer enamored with the financial services industry — some are alienated by the skullduggery of Wall Street leading up to the Great Recession, some more interested in chasing a tech dream with companies like Google or Facebook, and some more interested than previous generations in doing good works.

If all that's true, who's going to step up and help people grapple with the real issues of saving enough money to retire, and then managing it so that it doesn't run out as people live longer?

But conventional wisdom is often wrong. There are reasons to believe there is hope that a new generation of young advisors, including many attracted to the DC market, is ready, willing and able to step in and take on what seems like a monumental challenge. That's why NAPA created our "Young Guns" list of the top 50 plan advisors under 40 in 2014, and why we're doing it again this year.

Encouragingly, fewer than 20% of the Young Guns on our 2014 list repeated in 2015 — showing that there are many new young advisors making waves in the DC market. Rather than statistics or opinions from experts about what needs to be done to cultivate young plan advisors, we set out to speak with 10 of the finalists to learn:

- How they got into the financial services and plan business
- How they built their businesses
- Their view of the future

Most of today's advisors have been trained traditionally through three entities: wire houses, insurance companies and providers. There's a perception that young advisors are not attracted to big brokerage firms or don't want to sell insurance. That may be true — but it's not what we found speaking with some Young Guns. What is true is that most insurance firms and wire houses don't know how to train plan advisors, which is a relatively new specialty. Trying to educate participants about savings, investing and retirement is an overwhelming task. But training and educating advisors is much less daunting. Training advisors certainly makes more sense, yet the amount of money and time spent on that endeavor is minuscule compared with the amount spent on educating plan participants.

So how did the Young Guns get into the DC business? How did they manage to flourish? Let's find out.

Getting into the Business

Most of the Young Guns fell into the DC business either through family connections, mutual friends, dumb luck or because they liked the complexity of DC plans compared with working with individuals. Some also saw the benefits to society of being able to help so many people within DC plans,

most of whom have little or no exposure to an advisor — or at least a good one.

In fact, while the estimated number of active financial advisors has remained static at about 300,000, the number of advisors with more than \$25 million in DC assets has grown from 5,000 before the Great Recession to an estimated 25,000 today, with 250,000 getting paid on a DC plan — up from 150,000 over the same period of time.

Sean Deviney, 35 years old, at Provenance Wealth Advisors (affiliated with Raymond James) in South Florida, admits, "I fell into the DC business when I was introduced to Provenance when working with them at SEL." Provenance is also affiliated with an accounting firm and did mostly wealth management services for clients. "When I joined in 2005," Deviney recalls, "we had 12 plans, which we have built up to 110 plans and \$350 million in DC plans." He also sheepishly admitted that he was attracted to the warm weather in South Florida after a particularly tough winter in the Philadelphia area, SEL's home.

“How did the Young Guns get into the DC business? How did they manage to flourish?”

Many others found their way into the DC business by partnering with a wealth management advisor, usually older, who dabbled in the DC business but never intended to go much deeper. Commonwealth's Chad Gutner, 37 years old, straddled the advisor and broker dealer worlds, finally partnering with a much older wealth manager with 10 plans. "I started out selling annuities with American Skandia, which ended within a year after I joined the firm, and eventually landed a job with Manulife as an enroller," explains Gutner. "But I didn't like the provider side, eventually working as an advisor at much lower pay — as well as working at Commonwealth helping advisors with their retirement practice, which is how I met my current partner." Gutner has built up that practice from 12 plans to more than 50, with \$125 million in assets, over a short period of time.

Lowell Lyon, 28 years old, with Mayflower (affiliated with Wells Fargo Advisors), started in the insurance world at Northwestern Mutual — which, according to Lyon, "Had a great training program on prospecting. But I quickly realized that I didn't want to sell life insurance. I was lucky eventually to land a job with a great mentor, Steve Dimitriou, through



Stephen Aguglia	Morgan Stanley
Bradley Araki	Commonwealth Financial Network
Alex Assaley	Commonwealth Financial Network
Derek Bailey	Cambridge Investment Research, Inc.
Eric Blofsky	Cetera Advisor Networks
Julie Braun	Morgan Stanley
Dominic Casanueva	Bank of America Merrill Lynch
Richard Cawthorne, Jr.	Alpha Pension Group
Daniel Chillemi	UBS Financial Services
John Clark	LPL Financial
William Cronin	NFP
Brady Dall	LPL Financial
Ryan DeGrau	RMR Wealth Builders, Inc.
Mark R. Delp	Wells Fargo Advisors
Sean Deviney	Provenance Wealth Advisors
Melanie Dickinson	Cambridge Investment Research, Inc.
Mark Doknovitch	Morgan Stanley
Joseph Dunbar	SageView Advisory Group
Derek Fiorenza	LPL Financial
Brian Funkhouser	UBS Financial Services
Matt Groome	Colton Groome & Company
Chad Gutner	Commonwealth Financial Network
Austin Gwilliam	LPL Financial
Douglas Kincart	UBS Financial Services
Lowell Lyon	Wells Fargo Advisors

Joseph Matis	Morgan Stanley
Jonathan McClain	NFP
Jim McCormick	Cambridge Investment Research, Inc.
Emily Minnich	UBS Financial Services
John Mitsis	Bank of America Merrill Lynch
James Moyes	Wells Fargo Advisors
Doug O'Rear	LPL Financial
Drew Parker	Morgan Stanley
Aaron Pottichen	CLS Partners Retirement Services
Michael Ribich	Bank of America Merrill Lynch
Matthew Ruttenberg	Cambridge Investment Research, Inc.
Mitch Ryan	Morgan Stanley
Walter Salyer	LPL Financial
Brian Scanlon	Morgan Stanley
David Sears	UBS Financial Services
Walker Shiflet	Bank of America Merrill Lynch
Stephanie Stano	LPL Financial
Kyle Stawicki	SMF Advisors
Daniel Stewart	LPL Financial
Todd Stewart	SageView Advisory Group
Jon Strickland	CAPTRUST Financial Advisors
Tim VerSchure	Lakeside Wealth Management Group
Doug Webster	SageView Advisory Group
Todd Zempel	Gordon Asset Management
Jeremy Zoladz	Morgan Stanley



a mutual friend and put my ego aside and became coachable.”

And then there are those who, as Lady Gaga explains, are born that way — like LPL’s Brady Dall, 30 years old. When he was 15, Dall was attending enrollment meetings with his dad, Corby Dall, while other kids were playing baseball. After interning during college at NRP, a firm his father co-founded with Bill Chetney, he took over the business while Corby helped sell and integrate NRP into LPL. The father-son combo out of Utah seems to be working, with \$1.6 billion and 130 plans.

John Mitsis, with Merrill Lynch in the Jacksonville area, started in the wires — first working for a bank as a lender. He moved to Smith Barney after he realized he didn’t like lending, and was attracted to the plan business because, he says, “My parents are first-generation Americans who run their own business, so I naturally gravitated to working with business owners.” Grateful for the opportunity given to his parents, Mitsis is motivated by giving back and “paying it forward” in a country that welcomed his immigrant family.

Building a Practice

Many Young Guns started out by cold calling. But when asked about what’s not working with building their business, almost all of them cited cold calling or buying leads. And while there is a common theme about building relationships with centers of influence (COIs) and through client referrals, each seems to have gone about it a different way.

Some young advisors, like John McClain with AHT (affiliated with NFP), are fortunate enough to be a part of an organization that had many clients but limited capabilities to sell retirement plans. (Or maybe they were just thoughtful.) McClain moved to Seattle to work at AHT, an old line P&C and benefits shop with offices around the country. “I was attracted to the complexity of the 401(k) busi-

ness,” explained McClain, “cross selling to the firm’s other clients. I also work with two CPA and TPA firms, referring clients to them and receiving referrals.”

success hooking up with P&C and health care brokers through weekly lunches. They know how to sell.”

Blofsky noted a theme that other Young Guns echoed: Spending time studying the business, which Blofsky did for almost two years. “I started by calling participants,” he recalls. Start with the end client? What a novel approach.

For Alex Assaley, 32 years old and affiliated with Commonwealth in the Baltimore area, learning was an important part of his success which he accomplished by attending industry conferences, reading and meeting with wholesalers. Assaley also attributes his success,

which includes almost \$1 billion in DC assets and 60 plans, to hard work, perseverance and luck — as well as honesty, integrity and independence. “At first, transparency was a disadvantage,” he says.

Assaley developed his business, which he started with his current partner, a wealth management advisor, in 2005, by cold calling — eventually gravitating to webinars as well as client referrals and community relationships. “In 2008 and 2009, we were getting 40-50 prospects attending our webinars. But by 2010, webinars became overloaded.” One key to success for any advisor is understanding what’s not working, even if it had in the past,

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McClain’s story is similar to those of John Clark and Derek Bailey. Clark, 33 years old, joined Heffernan (affiliated with LPL) in the Bay Area to work with mentors John Prichard and Blake Thebault and help them build a \$2.2 billion book with 120 plans, mostly cross selling to Heffernan’s health care and P&C clients — as well as 403(b) plans, which represent 40% of their business. “There’s a convergence of benefits coming,” notes Clark, “where companies look to maximize their benefits dollars to improve outcome. It will put firms like ours in a stronger position.”

Bailey, 35 years old out of Omaha, Neb. and working with Marcotte, another benefits and P&C shop affiliated with Cambridge Investments, started as a wire house broker before becoming independent. After starting his DC business at Marcotte cross-selling, he and his partner turned to seminars, webinars and conducting advisor searches and built an impressive \$1 billion book with 50 clients.

While many young advisors have had success working with attorneys and CPAs, Cetera advisor Eric Blofsky, 35 years old and born and raised in Chico, Cal., found those COIs to be a waste of time. “CPAs and attorneys are not comfortable selling and are not used to giving leads and referrals,” Blofsky says. “I have much more

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and seeing around the corner to what's next. "We are focused now on creating 'native content,' including recorded webinars and written material," Assaley notes. "Younger people read tidbits of news, following people they like and then going deeper to the source when they find something interesting." Though social media is where many people stay informed today, Assaley admits that DC advisors have not caught up yet.

Business-building changes as an advisor evolves, which is the case for 38-year-old Jon Strickland with CAPTRUST in Raleigh, N.C., who has built an impressive \$15.5 billion book with 38 clients. Starting out cold calling, "I moved to strategic alliances with ERISA attorneys, private equity firms, trusted HR and financial people that change jobs as well as good vendor relationships," Strickland notes. What didn't work for him was "industry conferences for plan sponsors. I'm better going one-on-one rather than a crowded, conference format. I also learned not to force a square peg in a round hole — I know early when the fit is not right."

Looking to the Future

The future is in the hands of advisors like the Young Guns. So what does it hold?

Certain themes were echoed by many of the younger generation, some pessimistic but mostly very optimistic. For example, Derek Bailey is concerned that there's a race to the bottom on fees, with lawsuits scaring plan sponsors to think they have to have the lowest cost funds and plans. "It's wrong to force participants to work with another advisor who might sell them an inappropriate annuity," commented Eric Blofsky about the implications of the DOL's proposed fiduciary rule. "I built my business on education and rollovers, which could all be jeopardized."

The Young Guns generally agree that there will be a convergence of all corporate benefits, including retirement, health care and insurance. They also think that there will be a consolidation of record keepers, advisors and fund lineups.

Simplification was a big theme underscored by Alex Assaley, who noted: "My job is to help clients to keep plans simple. I need to be their go-to advocate." Assaley predicted, "There will be continued record keeper and advisor consolidation, as well as in how benefits are delivered. Advisors need to conduct strategic planning for companies on offering benefits." Echoing that theme, Chad Gutner thinks that fund lineups will be simplified with more passive investments. Gutner also believes that, "More plans will go to fewer advisors, with others selling their retirement plans or referring them to specialists."

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Another focus in the future will be plan health. And more attention will be paid to plan outcomes, as CFOs begin to realize the incredible financial liability when employees cannot retire when they want to or should, not to mention the damage to productivity. "No one intends to have a bad plan," notes Derek Bailey, who sees more of his clients "focused on using their retirement plan as a recruiting and retaining tool."

Most of the Young Guns are passionate about education and financial literacy, with many banking on their ability to work one-on-one with participants. In the future, that might be the only way for advisors to maintain their price point, since much of what they do is being commoditized — including robo-advisors claiming to be able to conduct financial planning. "The country does a poor job on financial literacy," notes John Mitsis. "Beyond fiduciary, people want to talk to people within their community and footprint. Advisors working with participants within their plan and on rollovers can make a big difference."

Independence and working as a fiduciary seems to be a given for Young Guns, as does

the move toward greater transparency. The opportunities going forward are for these young advisors to work with older advisors who may want to either sell their practices or try semi-retirement — mentoring and partnering with younger advisors. For the most part, the current crop of Young Guns fell into the DC business and had to learn it on their own. But does it make sense to continue a system that relies on luck and self-study? Wouldn't it make more sense to address the looming retirement crisis by institutionally attracting young advisors to the DC business and properly training them

— as NAPA, The American College, f360, TRAU and 3ethos have endeavored to do?

Beyond business-building and technical competence, it seems that the future will be determined more by whether the younger generation of advisors see themselves

as — and act as — thought leaders representing an industry that has taken a bashing by regulators, academia, the White House and the press. "I'm looking to be a leader — helping to shape the industry," asserts Sean Deviney. "If my clients and prospects see me as a thought leader, it will lead to more business." Alex Assaley, who gives a lot of time to NAPA, noted, "At first, I went to the Summit to gain knowledge. Today, my involvement with groups like NAPA shows commitment not just to learning more but to the industry. Sharing what I learned has compounding benefits."

So while the task is daunting and many of the old guard are graying, according to the Young Guns, the future for young plan advisors couldn't be brighter. And after speaking with just a few of them, it's hard to disagree. 