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The Next Generation

Deena Katz and Lance Palmer talk about their financial planning students and the future of the profession.

By Mitch Anthony

In this second installment on the future of financial planning, Mitch Anthony interviews two individuals who are educating the next generation of financial planners: Deena Katz of Texas Tech University and Lance Palmer of the University of Georgia.

In the last year I have had the privilege of meeting with both Deena Katz and Lance Palmer to witness their programs up close and speak to their students about financial life planning. I walked away deeply impressed and imbued with hope for the future of this profession because of the high quality of individuals being attracted into these programs and the standard of educational excellence being delivered by Deena, Lance and their faculties. Following are excerpts from my interview with them.

Anthony: Can you describe the type of students coming into your programs?

Katz: They are more concerned about helping people than they are about making huge amounts of money. Most of them have some kind of story about parents or grandparents and are thinking early about what they can do to help.

Palmer: All of them have an intrinsic nature for helping people—by the end, a lot of them have a transformed view of the profession that might be articulated as, “I can make a lot of money, but also I can really help people.” They truly understand and embrace their fiduciary responsibility.

Anthony: Physicians take the Hippocratic oath to “prescribe regimens for the good of their patients according to their ability and judgment and never do harm to anyone.” As this profession matures, a fiduciary standard is absolutely necessary, is it not?

Katz: Yes, and they embrace this standard. They don’t want to work for places where they see a conflict of interest in being a fiduciary. These young people aren’t stupid. They are promised one thing yet see another and say, “This isn’t what I signed on for.”

One student said, “These people were working on a commission basis and the principal came in and said, ‘Let’s see how many tickets you can get written today’ —a lot of these people won’t question anything you tell them.”

Experiences are good — whether they are good or bad.

Palmer: The internships are invaluable for getting this lesson across. They have experiences and come back and compare notes about selling and planning, and the difference between those experiences.

It takes some reflection. They realize that they are more valuable than just being a purveyor of products, and the value of planning becomes real to them. It’s a learning experience and the other students learn so much from hearing about those real-world experiences.

Anthony: You both have spoken of a type of transformation that takes place within your students. What does the transformation look like?

Katz: They come in knowing little but walk out with a sense of responsibility to help the world. They are getting real-world experience and real-world exposure. Advisors are getting burned out—having a young planner enter with hope and enthusiasm certainly can’t hurt.

Palmer: They learn to look beyond themselves and have a greater appreciation for the world beyond them. Many students are so grateful to be entering the profession NOW and to be able to help the profession move forward.

Anthony: I noticed that pro bono work is an integral part of your training process.

Palmer: In our program, by tapping into VITA (the volunteer income tax assistance program), students have a great way to talk to needy people about financial planning issues. It takes pro bono work to reach people of low to moderate means. These students can do a great deal of good in expanding financial literacy through this work. By supervising young planners, planners can help to expand the reach of the pro bono efforts.

Katz: Our pro bono program “Red to Black” served 400 people in the community last year—debt consolidation, budgeting, etc. Our students are delighted to do it. This generation is more community-oriented, and because of our holistic approach, these types of students could just as well be social workers.

Anthony: How do you think events of the past year have impacted these planners of the future?

Katz: What has taken place has been a watershed event, which is going to lead to huge changes. This is the first generation of “educated planners” instead of salespeople.

Palmer: The opportunity for a holistic change in the profession has arrived. It will be interesting to see how students go after middle segments of the market—expanding the influence of planning to more people.

Anthony: What role do you see financial life planning playing in the future of this profession?

Palmer: Good question. Helping individuals gain clarity in their personal purpose and goals is necessary for them to understand and set meaningful financial goals. Students who can learn this and planners who adopt this mind-set will have a competitive advantage in the marketplace. The process of life planning fosters trust, and that is a scarce resource right now and will likely continue to be in short supply in the future. As the planner honors that trust, financial life planning can provide tremendous direction, depth and purpose to the client/planner relationship. The challenge with life planning is taking it to “middle America.”

Planners able to do this efficiently and effectively will have tremendous success and virtually unlimited markets.

Katz: It's important to remind ourselves that we manage people, not portfolios. That means we cannot offer advice in a vacuum, but must put context around our client goals and objectives. The consumer is demanding advice—and life planning techniques are the framework for that advice.

Congress and regulator agencies are confronting important issues like fiduciary responsibility. Whatever changes may come, the fact remains, however, that legal standards can be raised but integrity can never be legislated.

In the financial services industry, there have been far too many broken promises—or in many cases, no fiduciary promises being made at all—with no standard of accountability. The industry, birthed in a boiler room ethos, is being pushed and pulled into evolving into a living room profession.

One of the great encouragements for the future of the financial advice profession is demonstrated by the type of individuals choosing to enter the field—those with an inherent sense of community responsibility and personal responsibility. No matter what standards are set by law, these young people will strive to transcend those standards with their service.

The Texas Tech and University of Georgia programs are placing close to 125 students per year between them. Their programs have a history of backed up demand for simple reasons—competence and integrity—which never go out of demand.

If these two leaders and the programs they have labored to shape are any indication of the future, then the future is indeed a place of promise ... and, thank goodness, the fulfillment of those promises as well.

©2009 Mitch Anthony. All rights reserved. Mitch is the president of the Financial Life Planning Institute and Advisor Insights Inc. He is an industry leader in training advisors on building life-centered relationships.