REGENERATION
How Gen Y Could Revitalize the Industry—and Bring New Life to Your Firm
CONTENTS

IN BRIEF—What You Need to Know in 30 Seconds 3
Are Gen Y Advisors the Talent Stream that Recruiters Are Searching for? 4
Students and Advisor Careers: A Perfect Pairing—if They Can Find Each Other 8
Getting to Know You: Where Gen Y Learn about Careers 12
How Your Firm Can Do a Better Job Recruiting and Retaining Gen Y Advisors 14
Appendix: Best Practices and Tools for Recruiting Gen Y Advisors 17

What’s on the cover?

A lake or pond needs continuous replenishment.

Pershing’s ReGENeration study explores how recruiting Generation Y talent may help relieve the advisor shortage and nourish new growth.
IN BRIEF—WHAT YOU NEED TO KNOW IN 30 SECONDS

✅ The industry faces an advisor shortage that will only grow more critical over time.
Firms are losing more professionals than they hire, and the gap between advisor supply and market demand will reach 237,000 in a decade’s time.¹

✅ Not enough Gen Y advisors are in the pipeline to replace retirees.
While the advisor workforce is aging and a giant retirement wave approaches, only 26% of advisors are actively recruiting those under age 25.²

✅ It is time to transform the industry’s recruiting model.
Firms are competing for a dwindling supply of experienced advisors—invoking a “winner’s curse” where skyrocketing recruiting incentives are compromising economic viability. A new recruiting model that focuses on developing a supply of younger talent is needed.

✅ Every year, over 500,000 college students potentially could be interested in becoming a financial advisor.³
Seven percent of college students overall, as well as 28% of business majors, have expressed an interest in becoming an advisor.⁴

✅ Becoming a financial advisor could offer a new graduate exactly what he or she wants from a career.
Nearly all college students today (97%) agree that they are willing to work hard to earn more money, and 8 in 10 (82%) say that it is important or very important that their career enables them to make a positive impact on the lives of others.

✅ Firms need to do much more to increase familiarity with (and interest in) the profession.
Nearly all college students (96%) have heard of financial advisors when provided with a brief definition, but few are familiar or very familiar with the profession (25%).

✅ Students need more support every step of the way.
Summer and postgraduate internships are critical to becoming advisors, and so is a higher level of personal engagement through mentoring, career days, campus presence and more.

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3 U.S. Census Data, Current Population Survey 2012. Calculated based on population size for U.S. 18-24 year olds enrolled in a four-year college, full- or part-time university, weighted with results of the survey who indicated that they are interested in the career of financial advisor (7%).
4 Unless indicated, all data in the study is based on survey results conducted online within the United States by Harris Interactive between May 14 and 22, 2013, in the United States among 500 college students, including 100 business majors. Qualified respondents were U.S. residents, 18-24 year olds who were enrolled full or part time at a 4-year-college in the United States between January 1, 2013, and the time of the survey.
Generation Y (Gen Y) offers new hope for an industry facing a critical shortage of talent. The current recruiting model largely ignores the young. Financial services firms persist in waging an unsustainable bidding war over a shrinking number of established advisors—compressing margins and forcing firms to cut back on value-added services. These advisors are rapidly approaching retirement, with not enough new professionals to replace them. Drawing on a new survey of U.S. students at four-year colleges, this Pershing study can help firms understand the potential of Gen Y and build a new model for recruiting young talent effectively.

The talent shortage grows more critical every year. Demand for advice is rising due to rapid wealth creation, uncertain markets, changing demographics and increasing personal responsibility for retirement. In fact, the financial industry will need to add a total of 237,000 new advisors across all business models over the coming decade to meet projected market demand.\(^5\) While demand is growing, supply is dwindling. In four out of the six years between 2006 and 2011, the percentage of advisors departing was greater than the percentage joining, as the chart below shows.\(^6\)

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5 Pershing, Broker-Dealer of the Future II, 2013 (FA Insight Forecast).

The rate of departures has improved a bit in recent years, falling from a high of 17.5% in 2007 down to 14.3% in 2011. However, the rate of additions from recruiting has hovered between just 12% and 13% since 2009. Even worse, the type of departing professionals has shifted, from lower to higher producing advisors. While advisors of $100,000 or more accounted for just 16% of all departures in 2009, their share jumped to 26% in 2011.\(^7\)

Departures are set to increase even more as a wave of retirements prepares to wash over an aging workforce. Nearly one in five independent firm owners will be exiting the business within seven years without a sufficient supply of talent to replace them: two-thirds of independent firms have no adequate succession plan and 31% offer no structured career path of any type.\(^8\)

The Industry is Aging Fast

The financial advisory industry is aging rapidly. This chart illustrates the aging trend within the independent broker-dealer segment. In 2011, over one-third of advisors were within a decade or less of the standard retirement age. In just four years, the share of advisors over age 55 increased from 32% in 2007 to 37% in 2011.

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7 Ibid.

Many Firms Are Suffering Under the “Winner’s Curse”

Whenever demand grows and supply decreases, prices go up. This challenge affects financial services firms today, as they fight over a shrinking number of advisors. Escalating competition has led to unprecedented recruiting bonuses. At this point, the “winners” of competitive recruiting may actually be the ultimate losers—because the high bonuses and payouts used to attract advisors may be causing permanent damage to the economics of the firm.

Economists describe this phenomenon as “the winner’s curse.” The winner in a competitive auction with imperfect information about the asset being auctioned frequently overpays in order to win. This overpayment could entail either paying more than the asset is worth, or discovering that the asset is in worse condition than anticipated. Both situations happen frequently to broker-dealers. Often, the payout agreed upon during recruiting is so high that the broker-dealer has no hope of realizing its normal level of profitability in the new relationship. Also common are cases where the recruited practice fails to meet expectations; it may be smaller in size or have smaller accounts, a different mix of business and perhaps an inferior compliance track record.

To break the winner’s curse, we need to revisit the current recruiting model and transform it into one that cultivates new sources of sustainable talent.

> “We’re seeing a graying of the advisor population, and fewer firms have training programs to bring new people into the business.”

—Howard Diamond, managing director, Diamond Consultants LLC

Transforming Your Recruiting Model: Opening the Industry to Gen Y Advisors

For a long time, the door seemed to have closed behind the current generation of advisors, leaving few Gen Y recruits to take their place. Tightening margins have led firms to cut back on training, support and on-campus recruiting. Chasing the promise of immediate productivity, recruiters have focused on proven performance rather than future potential. As a result, financial services firms have been competing for the same top performers, to the point where they are diluting profitability and threatening their own sustainability.

> Only 26% of advisory firms are actively recruiting advisors less than 25 years of age.⁹

As the saying goes, things that cannot go on forever—don’t. Driven by necessity, the industry is finally beginning to draw on sources of talent that it has long neglected, including women, more diverse demographics and especially younger people. Forward-thinking firms have announced new programs to welcome Gen Y into the fold, including:

- **Scholarship programs** for financial planning students
- **Grants to universities** that encourage development of more innovative financial planning curricula
- **New summer internship programs** for upperclassmen
- **Training programs** open to those with or without financial degrees or backgrounds

**What Gen Y Brings to the Table**

Today’s new focus on Gen Y may be driven by immediate needs—but firms are also discovering that Gen Y has much more to offer than simply refilling the pipeline. Gen Y advisors often bring fresh perspectives, new ideas and up-to-date skills that can help businesses prosper in today’s new environment. As Pershing’s *Study of Advisory Success* reports, Gen Y advisors may be more:

- **Adaptable.** Advisors ages 25-39 are significantly more likely than those ages 50-59 and 60+ to report “doing better than before” the financial crisis. This might imply that younger advisors are adapting better in the new environment.

- **Tech-savvy.** Gen Y advisors have less fear of technology and quickly adopt new systems and devices. In the same study, 85% of advisors ages 25-39 describe themselves as being “technology-embracing,” compared to 70% and 73% for advisors ages 40-49 and 50-59, respectively. Only 56% of advisors ages 60+ describe themselves as technology-embracing.

- **Organized.** Advisors ages 25-39 are also more likely than their older counterparts to describe themselves as “organized.” Younger advisors’ natural fluency with technology—and the range of available tools for communication, scheduling and research—might contribute to this sense of greater control over the highly complex elements of advisory work.

- **Connected.** Advisors already recognize that their client base is older and less ethnically diverse than the broader U.S. affluent market. Research conducted by Sullivan and Northstar Research Partners found that while 21% of investors fall into the 25-45 age range, only 7% of advisors fall within that range. Younger advisors seem better able to connect with the next generation of clients because they share similar preferences, attitudes and priorities.

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10 Ibid.
THE PURPOSE OF THIS STUDY

In response to the industry’s talent crisis, Pershing inaugurated this first-ever study on the college students who will become tomorrow’s advisors. This study is designed to help firms evaluate the potential of today’s graduates, understand students’ priorities in choosing a career, identify their go-to sources of information and gauge their familiarity with the financial advisor profession.

Developed in collaboration with independent research firm Harris Interactive, this study was conducted online within the U.S. between May 14 and 22, 2013, among 500 college students, including 100 business majors. Qualified respondents were 18-24 year old U.S. residents who were enrolled full or part time at four-year U.S. colleges between January 1, 2013, and the time of the survey. Figures for age, gender, race/ethnicity, geographic region, year in school and business major status were weighted where necessary to bring them into line with their actual proportions in the population. Propensity score weighting was also used to adjust for respondents’ propensity to be online.

STUDENTS AND ADVISOR CAREERS: A PERFECT PAIRING—IF THEY CAN FIND EACH OTHER

In their responses to this survey, college students described what they value and are looking for in the career they would like to pursue. Surprisingly, that description looks very much like a typical career as an advisor. The problem is that students have not discovered the profession yet. If the industry hopes to build a strong recruiting pipeline, college students will need to learn much more about the business.

Every Year, Over 500,000 College Graduates Could Potentially be Interested in Becoming an Advisor

“Financial advisor” ranks as one of the top 10 most popular career interests among college students surveyed. Business majors are clearly the group driving the buzz. Over a quarter (28%) of all business majors expressed an interest in becoming an advisor—which is more than nine times as many as non-business majors (28% vs. 3%). With more than 7.2 million students obtaining a degree each year in the U.S., those students could represent a fresh annual influx of over 500,000 interested new prospects.

11 U.S. Census Data, Current Population Survey 2012. Calculated based on population size for U.S. 18-24 year olds enrolled in a four-year college, full- or part-time university, weighted with results of the survey who indicated that they are interested in the career of financial advisor (7%).

12 CNNMoney/Payscale.com’s list of great careers. http://money.cnn.com/pf/best-jobs/2012/snapshots/6.html (Accessed August 5, 2013). The careers college students are most likely to be interested in are teacher (16%), software developer (11%), market research analyst (10%), computer systems analyst (9%), physician (9%), social worker (9%), lawyer (8%), web developer (8%), registered nurse/nurse (7%), and financial advisor (7%).

13 Unless indicated, all data in the study is based on survey results conducted online within the United States by Harris Interactive between May 14 and 22, 2013, in the United States among 500 college students, including 100 business majors. Qualified respondents were U.S. residents, 18-24 year olds who were enrolled full- or part-time at a 4-year-college in the United States between January 1, 2013, and the time of the survey.
TOP ATTRIBUTES COLLEGE STUDENTS LOOK FOR IN A CAREER

- **Job security**: 89%
- **A positive impact on the lives of other people**: 82%
- **Flexible hours**: 63%
- **Collaborative work environment**: 72%
- **Provides on-the-job training**: 71%
- **A clearly-defined career path**: 67%
- **Opportunity to work with colleagues from many different backgrounds**: 53%
- **Opportunity to work with colleagues my age**: 41%
- **High earning potential**: 77%
- **Allows my opinions and ideas to be heard**: 78%
- **Opportunities for rapid advancement**: 66%
- **Opportunity to be my own boss**: 40%

ADVISOR CAREERS OFFER STUDENTS WHAT THEY WANT

- Want to work in a career where job cannot be outsourced (88% agree)
- Want to work in a career that is in a growing field (90% agree)
- Willing to work hard to earn more money (97% agree)
- The career has a positive impact on others' lives (82% say this is important/very important)

Today’s Students Are Children of the Recession—and Value Job Security Above All

The Great Recession and continuing weak job growth have clearly left their psychological mark on the next generation. Eighty-nine percent of total college students surveyed regard “job security” as important or very important in the career they pursue, including 92% of business majors. Nine out of 10 students strongly or somewhat agree that they “want to work in a career where their job cannot be outsourced” (88%) and also want to “work in a career that is in a growing field” (90%). Job security considerations become even more important after students decide on a career, with 46% of those who have decided strongly agreeing with “growing field” compared to 34% of those undecided; and 51% vs. 34% strongly agreeing with “not outsourced.” The desire for stability is hardly surprising. Students are still uncertain about what kinds of job prospects await them after graduation; they are split fairly evenly among those who call the job market good (35%), bad (29%) and neither (36%).
Money Matters

Today’s college students care a great deal about compensation—and that is especially true among business majors. High earning potential is rated important or very important by 93% of business majors, and a third (33%) say it is the single most important career characteristic. Opportunity for rapid advancement is also important or very important to 84% of business majors. (By contrast, only 74% of non-business majors say high earning potential is important or very important, and just 63% say the same about rapid advancement.) Business majors also seem particularly eager for that first paycheck; 79% plan to get a full-time job immediately out of college compared to 58% of other majors.

Despite popular cultural misconceptions about entitled youth and “these kids today,” students fully intend to earn that high pay. Seven out of 10 (69%) strongly agree that they are “willing to work hard for more money,” and even more women (74%) strongly agree than men (63%).

Overall, a picture emerges of a generation determined to make money, overcome a tough economy and secure their financial futures—displaying the same kind of purpose and drive that motivates many successful advisors. However, that picture is only partially complete: students care about more than money alone.

The Unique “Team Spirit” of Gen Y Still Shines Through

Organizational culture is of paramount importance to today’s advisors and was cited as the top reason (32%) for advisors to remain with a firm. The same seems to be true of tomorrow’s potential advisors—college students say they care greatly about cultural and other non-monetary aspects of a job.

Making a “positive impact on the lives of other people” was rated as important or very important by 82% of college students. This same goal has always been an important motivator for advisors as well, as they dedicate their careers to helping clients achieve important financial goals.

In other ways, however, today’s college students are looking for something new in the workplace. Nearly eight out of 10 students (78%) say a career that “allows my opinions and ideas to be heard” is important or very important and 72% value a “collaborative work environment” as important or very important. Collaborative work environments are as important to business and non-business majors (76% vs. 71% rate as important or very important), along with careers that “provide on-the-job training” (82% vs. 70% rate as important or very important). Even more business majors than non-business majors say the “opportunity to work with colleagues from many different backgrounds” is important or very important (65% vs. 51%). These results echo other studies of Gen Y that portray a new team spirit and greater comfort with diversity. For example, the Study of Advisory Success reports that advisors under age 25 are significantly more likely to describe themselves as “team players” than their elder peers.

The implications are clear: Advisor culture may be attractive to Gen Y—but traditional roles may need some tweaking to fit changing expectations of the workplace. Businesses will need to place greater emphases on collaboration, job training and diversity.

Why Aren’t More Younger People Becoming Advisors?

As we have seen, an advisor’s career offers many of the benefits that college students most desire in a job. Many business majors already express interest in the role. The question is—why are so few actually entering the profession? Why is there such a leaky pipeline from curious student to successful new recruit?

<table>
<thead>
<tr>
<th>Everyone knows about it</th>
<th>Few are familiar</th>
<th>Even fewer are interested</th>
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</thead>
<tbody>
<tr>
<td>96%</td>
<td>25%</td>
<td>7%</td>
</tr>
<tr>
<td>Of all college students have heard of the career of advisor</td>
<td>Of all college students are familiar or very familiar with the profession</td>
<td>Of all college students are interested in actually becoming an advisor</td>
</tr>
</tbody>
</table>

Almost all college students have heard about financial advisors. Yet only business students show any sizable familiarity or interest. Business majors are more than twice as likely as non-business majors to be familiar or very familiar with the career (49% vs. 21%) and nine times as likely to be interested in it (28% vs. 3%)—although most are not.

Students Are Not Learning Much about Becoming an Advisor in College

Among college students who are at least somewhat familiar (58%) with the profession, about four in 10 (41%) learned about it through family and friends—by far the single largest source of information about the career. Professors come in a distant second (19%) and career or job fairs are third (14%). Even business majors—who are twice as likely as others to learn about the career from professors (32% vs. 16%)—still primarily rely on family and friends (43%). One telling stat: seniors across majors are no more likely to call themselves “very familiar” than freshmen (6% vs. 8%). In other words, familiarity with the profession shows no increase over the four years that students spend in college. Colleges seem to be doing little to teach students about the career, leaving students to rely primarily on off-campus sources of information.
GETTING TO KNOW YOU: WHERE GEN Y LEARN ABOUT CAREERS

When it comes to recruiting, many college students remain up for grabs: approximately half of all students have not decided on a career (52%). Seniors are more settled than their younger peers, but not by much; 55% of seniors have decided on a career while 45% have not. Although students are having trouble choosing a career, it is not for any lack of worrying about the issue; only 1% overall have not thought about their careers at all.

For recruiters and others concerned about the future of the industry, the good news is that students’ career choices remain fluid. It may be possible to encourage many more of them to consider careers as advisors—if the industry does a better job of reaching out to them.

> More than four in 10 seniors (45%) have not decided on what career they want to pursue.

Where Students Go to Learn about Careers

If the financial services industry hopes to raise its profile among college students, it has to meet students where they are—building a stronger presence at the venues that students rely on most when researching a career. A few sources stand out in the survey.

STUDENTS’ TOP INFORMATION SOURCES ABOUT CAREERS AND JOBS ARE EMPLOYMENT WEBSITES, INTERNSHIPS AND FAMILY OR FRIENDS
More than one-third of students (36%) rely on traditional employment websites such as Indeed.com, Simplyhired.com or Monster.com. Somewhat surprisingly, social media websites are cited by only 15% of students. The explanation may be that students do not yet have work-related networks that they can mine for contacts and information. Internships (36%) and family and friends (35%) are cited by about as many students as job websites. Career or job fairs, career services departments and professors rank lower on the list. There is some variation on preference depending on demographics. Women (41%) are more likely than men (30%) to look to family or friends, while men (17%) are more likely than women (10%) to turn to on-campus recruiters. Recruiters (22%) and alumni (17%) are also significantly more important to business majors than they are to other students (12% vs. 8%, respectively).

**Career Research Is People-Powered**

While students tap into a wide variety of information sources to learn about careers, face-to-face contact is extremely important.

- **Personal contacts are a top channel for research.** A majority of college students have *talked to people in their career of interest* (64%). Curiously, only 51% of business majors have done so, despite the fact that more business majors (79%) than non-business majors (58%) plan to enter the workforce immediately after graduation. This surprising disparity may suggest that business majors are facing a “networking gap” compared to their peers, and need more opportunities to meet and greet people in their chosen profession.

- **Internships are critical to exploring career options.** An overwhelming majority of students—84%—agree that internships are important to help decide which career to pursue. Those who have decided on a career are much more likely to have acquired an internship to prepare themselves (31% vs. 20%). Interestingly, the importance of internships in making career choices declines somewhat from sophomore to junior and senior years, with sophomores more likely than juniors and seniors to strongly agree that internships are important to help decide which career to pursue (46% vs. 29% vs. 29%), suggesting that early internships are influential in shaping career preferences.

- **Everyone wants a mentor.** Ninety percent of college students say they would like to have mentors guide them in their career.

It is clear that human contact will play a critical role in any strategy to develop and recruit more young people as advisors.
HOW YOUR FIRM CAN DO A BETTER JOB RECRUITING AND RETAINING GEN Y ADVISORS

For firms that are serious about recruiting Gen Y advisors, posting additional job openings will not be enough to end the talent shortage. The industry needs to capture Gen Y’s interest much earlier in their college careers. Almost every student has heard of the career, yet fewer know what an advisor does, and fewer still are actually considering the job. To broaden the pool of recruits, both individual firms and the industry as a whole should consider more support at each and every step along the path to becoming an advisor.

Engage Students Every Step of the Way

Think of a Gen Y advisor’s career path as a set of steps. The first step is simply hearing about the existence of the occupation. Next is familiarity with an advisor’s work, and then an interest in pursuing the career. If all goes well, that blossoms into action—actively seeking a position as an advisor. The final step is retention, which is critical to making the investment in grooming advisors pay off. The industry needs to focus on each step of this process in order to bring more potential advisors into the fold.

Showing Up Is Half the Battle

New engagement strategies will require a human touch. Students rely heavily on networking to choose and explore careers—yet business majors, the most likely advisor prospects, may have less access to it than their peers. Firms need to brainstorm ways to project a stronger presence in students’ lives, such as:

- **Regular attendance at career days and job fairs**, ready to engage students and armed with tools that promote the benefits of becoming an advisor.

- **Deeper involvement with the children of clients and of various centers of influence (COI)**, extending social invitations to the whole family, making advisors available to ask questions and encouraging career discussion.

- **Summer paid or unpaid internships**, especially after freshman and sophomore years when students are actively looking for career ideas to pursue.

- **Graduate internships** providing a get-to-know-you trial period for both the business and the graduate.

- **Outreach to professors and career counselors**, offering networking opportunities and information resources.
Create a Gen Y-Friendly Culture

To recruit a new generation of advisors—and to retain them once they land the job—firms will need to retool the workplace to meet today’s changing expectations.

Teamwork. Team-oriented Gen Y wants to work in a more collaborative environment than many firms have offered in the past. They will be more satisfied at firms that encourage advisors to work together rather than promoting individual survival of the fittest.
Job security. As children of the recession, they are also more risk-averse and concerned about financial security. That is why some broker-dealers and advisory firms have already begun starting off new financial advisors with salary-based compensation until they can sharpen their skills and build up their own books of business.

Diversity. Gen Y was also raised with diversity; firms that want to make them feel at home should step up their own diversity initiatives.

Training. While formal training programs have fallen into disrepair at many firms, they are making a comeback as Gen Y enters the workforce.

Mentoring. Nearly all college students want mentors who can guide them through their chosen careers. Mentoring will also prove critical for businesses looking to build secure succession plans for the future, as they help ensure a smoother transition into capable hands.

Bottom Line: The Time to Transform Your Recruiting Model Is Now

College students—especially business majors—may offer the industry a deep new pool of future advisor talent. Today’s Gen Yers are motivated by financial opportunity, willing to work hard for their money and eager to make a positive impact on the lives of others. At the same time, the profession offers students many of the qualities they seek in a career. The trouble is, students don’t know the advantages of becoming an advisor. They learn very little about the career on campus; most of their information comes from family or friends. To get more students interested in becoming an advisor, individual firms and industry organizations will have to take the lead. They need to reach out early to promising students and welcome them into an industry that needs their talent. Personal contact will play a key role in making that engagement successful.
APPENDIX

Best Practices and Tools for Recruiting Gen Y Advisors

Get More Recruiting Resources with Pershing’s Human Capital Management Toolbox

Looking for a way to make recruiting and other human capital tasks easier? Save time while implementing best practices with Pershing’s Human Capital Management Toolbox, featuring interactive tools and materials for human resources professionals, including checklists and sample forms, job descriptions and more.

Contact your Pershing Relationship Manager to learn more, or visit pershing.com to submit your inquiry.
APPENDIX (CONT.)

Is Recruiting Gen Y Advisors “Worth It” to Your Business?

Self-assessment Questionnaire

Gen Y advisors can bring new growth opportunities to a firm—if it is willing to make the needed investments. This questionnaire can help advisors decide whether they are ready to transform their recruiting model to target Gen Y talent. It can also help home offices and firm owners explore whether they are prepared for a change in strategy.

Are You Ready to Seize the Opportunities?

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<thead>
<tr>
<th>Would you like to:</th>
<th>Yes</th>
<th>No</th>
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<tbody>
<tr>
<td>1. Beat the talent shortage by uncovering a new pool of potential recruits?</td>
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<td>2. Ensure the future sustainability of your business by developing in-house successors?</td>
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<td>3. Broaden your client base beyond retiring Baby Boomers?</td>
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<td>4. Capitalize on the growing wealth creation now taking place among young entrepreneurs and executives?</td>
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<td>5. Build multigenerational relationships with your clients’ children?</td>
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<td>6. Increase the social diversity of your client base?</td>
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<td>7. Better leverage the latest technology to strengthen client engagement and efficiency?</td>
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<td>8. Improve your firm’s organizational skills to build a more agile practice?</td>
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<td>9. Increase the resiliency of your firm to handle advisor departures through a more team-oriented model?</td>
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<td>10. Stay in sync with changing attitudes and expectations?</td>
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Tally Your Results

7 or More “Yes” = Very Ready  4-6 “Yes” = Somewhat Ready  3 or Fewer “Yes” = Not Ready

Do You Have the Commitment?

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<tr>
<th>Are you willing to:</th>
<th>Yes</th>
<th>No</th>
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<tr>
<td>1. Define more formal roles and job descriptions for new recruits?</td>
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<td>2. Create clear career paths for advancement?</td>
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<td>3. Establish or expand training programs?</td>
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<tr>
<td>4. Assign mentors to help develop Gen Y advisors?</td>
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<td>5. Provide greater job security until Gen Y advisors have a chance to build their books of business?</td>
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<td>6. Transition to a more collaborative working model that emphasizes teamwork?</td>
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<td>7. Listen to input and ideas from Gen Y advisors?</td>
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<tr>
<td>8. Set up summer or postgraduate internship programs—and devote the time needed to recruit for and supervise them?</td>
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<tr>
<td>9. Build relationships with local colleges and universities and offer resources such as speakers and mentoring?</td>
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<tr>
<td>10. Participate in job fairs and career days?</td>
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</table>

Tally Your Results

7 or More “Yes” = Very Committed  4-6 “Yes” = Somewhat Committed  3 or Fewer “Yes” = Not Committed
Setting Up and Managing an Internship Program

Internships are an increasingly essential part of the recruiting process for students and employers alike. Students can learn more about their chosen professions, gain experience, develop professional skills and make important career contacts. Employers can more closely evaluate prospective recruits in a real-world working environment while also contributing to the enhancement of the educational experience.

Internship programs can help:

- Tap into a pool of highly-motivated pre-professionals
- Pre-qualify potential candidates for future job openings
- Increase visibility of your firm on college campuses
- Save additional training time and costs by hiring from your intern pool

**SELECT THE TYPE OF PROGRAM THAT MAKES SENSE FOR YOUR BUSINESS**

You can choose to offer unpaid internships, paid internships or co-op programs.

- **Unpaid Internships**
  - Offers a learning-focused experience that treats interns more like students than employees
  - Resume- and skill-building opportunity for students who may have no other way to gain workplace experience
  - Benefits the intern rather than the firm; cannot be used simply to perform unpaid office work in a for-profit enterprise

- **Paid Internships**
  - Gives both graduates and undergraduates the chance to work for pay in their chosen career area
  - Offers students the best chance of future employment: A new study shows that 60% of paid internships for college graduates result in job offers\(^{15}\)
  - Uses interns to supplement existing staff on daily work activities; by contrast, firms cannot derive immediate benefit from the work of unpaid interns

- **Co-op Programs**
  - Offers undergraduates a genuine, realistic look at the daily life of a financial advisor integrated into a larger course of college study
  - Rounds out classroom education with real-world practical experience offered for course credit
  - Requires close collaboration with a sponsoring college or university to establish and monitor the program

Structure Your Internship Program Before You Recruit

Develop a formal, written plan for your internship program that covers:

› Your goals and objectives for the program, as well as the specific goals and objectives you expect the interns to achieve

› Ideal candidate qualifications (skills, education, etc.)

› Training plan (unpaid interns may require a greater investment in training because their experience is intended to be purely educational)

› Internship structure: paid, unpaid or co-op

› Accountability and management responsibility for the program and the interns

› Intern’s responsibilities and assigned projects

› Performance evaluation methods and metrics for reviewing the intern’s work

Manage Your Internship Program Successfully

Start your intern’s experience off right and monitor the program continuously:

› Follow the program plan that you developed ahead of time to define the roles and functions the intern will serve

› Schedule orientation and training for the intern to help him or her develop a better understanding of your firm and their responsibilities; consider writing a brief, formal manual for reference

› Provide continuing guidance throughout internships to help the intern become more comfortable with responsibilities, making them more effective and productive

› Allow interns to contribute to more substantive projects; interesting work helps break up the monotony of administrative tasks and provides a more positive and educational experience, allowing interns to make more valuable contributions to your firm

› Evaluate the intern’s progress on a regular basis

Considering an Unpaid Internship Program?

Ensure your program complies with current law. Below is a fact sheet from the Department of Labor. Confirm you have up-to-date information before launching your program.

(Source: http://www.dol.gov/whd/regs/compliance/whdfs71.htm)
How to Leverage Your Clients and Circle of Influence (COI) to Help Recruit Gen Y Talent

Networking is the best way to find a job—making it also the best way to find potential job candidates. Most people know someone looking for a job and are happy to pass along potential candidates. Your peers, clients and COI can act as advocates for your firm and also prequalify candidates to some extent, since no one wants to pass along the name of someone completely unsuited for the job.

Here are some simple tips for maximizing your sphere of influence to recruit graduates for internships or full-time positions:

- **Announce your search.** Make sure your network is aware you are looking for candidates; they can’t offer help if they don’t know you need it. Consider using Facebook, LinkedIn, phone calls, client meetings, social events and casual conversations to spread the word.

- **Sharpen your message.** Provide every contact with a short, pointed description of what you do and what you are looking for. Examples: “a salaried, entry-level position at the fastest-growing broker-dealer in the Mid-Atlantic,” or “a summer internship at a wealth manager focused on tech entrepreneurs.”

- **Provide a formal job description.** Make it easy to pass information along by providing a link to an online job description or e-mailing a document.

Building Relationships with Local Colleges and Universities

The largest firms can afford to mount nationwide recruiting drives—but even smaller businesses can often find a ready supply of talent in their own backyard at local colleges and universities. Here are some tips to help your firm build a strong presence at nearby schools.

- **Define your ideal candidates.** Identify all the characteristics you would like to see in potential interns or new hires, including area of study, previous work experience, test scores and extracurricular activities.

- **Understand the student profile at each local school.** Review published materials and websites and speak to individuals at the school to get a clearer picture of the types of students who attend each institution. Look for those that match your ideal profile.
APPENDIX (CONT.)

› **Introduce yourself to career counselors.** Job placement officers on campus can provide you with a wealth of information, including a job fair calendar and contact information for professors in relevant disciplines.

› **Offer yourself as a guest speaker.** Participate in debates, panel discussions and other events on campus where you can promote your firm and position yourself as an expert. Be sure to linger after events to meet and greet the students.

› **Judge or run a competition.** Schools often look for local business leaders to serve as expert, objective judges in project competitions. Let the relevant faculty departments know of your interest.

› **Offer your clients as case studies.** If your local school offers financial planning courses, challenge a class to analyze a situation that one of your clients has faced and recommend a solution. Strip away any identifying details first.

› **Activate your own alumni networks.** Contact your own schools’ outplacement and alumni offices for help. Notify your peers through school-related groups on social media sites such as LinkedIn.

**How to Participate in a College Career Day**

Career days bring you face-to-face with prospective employees who are interested in your firm and prepared to speak with you about their qualifications. Maximize the benefit of attending a career day by following a few tips.

**Consider these questions before you attend**

› Will this fair attract students in majors and skills that I am targeting or other qualified candidates?

› How can I attract students to my booth?

› What kind of staffing will I need to handle traffic and answer questions?

› What literature do I want to hand out?

› How will I respond to students whose qualifications do not fit our hiring needs?
What to do at the fair to recruit effectively

- Set up on time, as many of the most motivated students will arrive early.
- Don’t sit behind the table: Stay on your feet and greet people as they come by.
- Welcome every student and resume graciously.
- Don’t wait for visitors to approach you. Instead, ask passers-by friendly, specific questions (i.e., “Are you interested in a career in finance?”).
- Engage students in conversations about your firm and the positions available.
- Follow up with potential candidates promptly, while their interest is piqued.
- Stay until the end. Students have classes and some cannot attend until close to the end of the event.

Sample Job Descriptions

Use the samples below as inspiration for creating your own clearly-defined job descriptions for younger prospects. For more job descriptions, please contact us on pershing.com/GenY.

Position Title: Financial Advisor

The Financial Advisor/Wealth Manager is responsible for providing investment guidance for businesses and individuals, plus expected to provide sound advice and analysis on a variety of investments, including individual equities and fixed income instruments, managed accounts, commodities and alternative investments, among others.

The Financial Advisor/Wealth Manager is highly entrepreneurial and involves extensive client management and development, new client prospecting and financial consulting.

The person in this role is responsible for building and maintaining long-term relationships with a portfolio of financially successful clients. The Financial Advisor/Wealth Manager is expected to work closely with key firm personnel to provide a superior client experience across the full spectrum of the client’s financial life.
APPENDIX (CONT.)

Position Responsibilities

➤ Assess financial and wealth management needs of a high-net-worth client base.

➤ Provide high-net-worth individuals with tailored wealth and investment solutions, with the goal of growing and sustaining long-term returns as well as long-term firm relationships.

➤ Develop a customized wealth management plan to address each client’s outlined goals and implement the plan with suitable products and services.

➤ [If applicable] Work with specialized teams of research analysts and portfolio managers who provide wealth advisors with continuous guidance on portfolio construction and security selection.

➤ Provide clients advice on a wide range of personal and business-related financial risk and wealth management topics.

➤ Work closely with the investment team shaping the firm’s investment process, making client-specific recommendations and developing new financial products and services.

➤ Meet with clients on a regular basis to review portfolio performance and to uncover unmet personal and business financial needs.

➤ Provide regular reporting of updates and information to clients and senior management.

➤ Take lead role in segmenting client book of business based on firm-specific criteria.

➤ Present principles of financial portfolio construction and management, asset allocation, wealth planning and wealth distribution to clients and prospects.

Position Title: Administrative Assistant

The Administrative Assistant position is a critical role designed to support a wide range of [firm’s] functions and individuals. The general duties of the role include clerical, receptionist and project-based work. The role is also one in which the right candidate will feel comfortable stepping outside the traditional role description to provide support on an as-needed basis for critical firm initiatives, unforeseen firm opportunities and to leverage areas of specific candidate interest or expertise.
APPENDIX (CONT.)

Requirements

➤ Knowledge of business and management principles involved in administration, resource allocation, human resources, leadership techniques and coordination of people and resources.

➤ Clerical—knowledge of administrative and clerical procedures and systems such as word processing, managing files and records, stenography and transcription, designing forms, and other office procedures and terminology.

➤ Exceptional oral and written communication skills.

➤ Excellent follow-up and follow-through capabilities.

➤ Personable and approachable with a positive attitude.

➤ Organized, meticulous, detail-oriented and able to multitask.

➤ Able to interact well with all employees.

➤ Able to exercise good judgment by recognizing urgency and setting priorities.

➤ Professional attitude, demeanor and appearance.

➤ Able to work independently with good problem solving and time management skills.

➤ High degree of confidentiality and latitude.

➤ Proficient with Windows-based software, including MS Word, Excel and PowerPoint.
APPENDIX (CONT.)

Position Title: Business Development Officer

The Business Development Officer (BDO) position is responsible for generating new high-net-worth investor relationships and corresponding new assets.

The BDO will utilize personal and professional networks, as well as identify and tap into other high opportunity prospect sources to generate and secure new client relationships. He/she will effectively identify/profile/qualify the wealth management needs of sophisticated, high-net-worth prospects that meet the firm’s specific target market criteria, by: communicating the range of firm solutions and the value of a relationship with the firm; closing the sale; and securing maximum asset commitment and transition.

As the firm’s central and most critical sales resource, the BDO will work with a cross-functional team within the firm to build a robust sales and prospect development process. The end result should effectively maximize the candidate’s sales skills and abilities while leveraging all of the firm and partner resources, identifying and managing prospects through the complete sales cycle.
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