

# FPA NexGen

## Past, Present, and Future

*Roundtable moderated by Michael E. Kitces, CFP®, CLU®, ChFC®, RHU, REBC*

*Participants: Laurie Belew, CFP®; Michael Branham, CFP®;*

*Aaron S. Coates, CFP®; Andrew Sivertsen, CFP®*

A decade ago, a small group of young planners formed to support one another and encourage more young professionals to embrace financial planning as their profession of choice. From its humble beginnings of just a handful of people (including Aaron Coates and Michael Kitces), the FPA NexGen community has grown to more than 2,000 members today with a mission to ensure the transference of wisdom, tradition, and integrity from the pioneers of financial planning to the next generation of the profession.

In celebration of FPA NexGen's 10-year anniversary, we invited current and past NexGen leaders to discuss the group's roots, its future, and the impact it is having on young professionals and the financial planning profession as a whole.

**Michael Kitces:** *Aaron, the birth of NexGen was your idea. Can you talk about the origin of NexGen and its original purpose and intent?*

**Aaron Coates:** FPA Retreat 2003 eliminated the experience requirement for attendance, and I was fortunate enough that my boss, Paul Reasoner, encouraged me to attend and paid for it. The accessibility and

generosity of the greatest leaders—the founders of our profession—was absolutely exciting and overwhelming, but it was pretty discouraging that I was one of two people there probably mid-20s or younger. For FPA Retreat 2004, the attendance of younger people doubled to four.

That same year, Ben Coombs—inspired by a Retreat 2003 presentation—started a mentoring program he

called the Rat Pack, using pioneers of the profession. I approached him at Retreat 2004 and asked if he'd join an "under the trees" meeting with the four of us [Aaron Coates, Michael Kitces, Dave Demming Jr., and April Johnson] to discuss how to get more younger people involved and connected and keep them from leaving the profession, and [NexGen] started from there with the four of us and Ben Coombs' guidance.



*Attendees of the 2014 FPA NexGen Gathering celebrate the group's 10-year anniversary (photo courtesy Michael Kitces).*

## Participants

### Laurie Belew, CFP®

**Who:** 2014 FPA NexGen president-elect

**What:** Senior financial adviser at FJY Financial in Reston, Virginia.

**On joining NexGen:** "I think it's a home within the profession. It provides a place for me to go to be challenged to make myself better. And when you're surrounded by all of these people who are passionate about their clients and about their careers and about making the profession better, it really is contagious."

### Michael Branham, CFP®

**Who:** Current FPA chair, former (2013) national president, and former (2008) NexGen president

**What:** Financial planner at Cornerstone Wealth Advisors Inc. in Edina, Minnesota.

**On joining NexGen:** "I would not have been able to enjoy the leadership positions I've had in FPA were it not for my time in NexGen. It's had a tremendous impact on my career personally and professionally."

### Aaron S. Coates, CFP®

**Who:** FPA NexGen founder

**What:** Founder of the first fee-only comprehensive financial planning firm in Michiana, which he merged into Valeo in 2009

**On joining NexGen:** "It's made me better at my job, it's made me better at connecting with clients, it's helped me understand and realize the bigger parts of the profession and how I could contribute. There's just not any part of my life it hasn't had a positive impact on."

### Andrew Sivertsen, CFP®

**Who:** 2014 FPA NexGen president

**What:** Part-owner of The Planning Center Inc. in Moline, Illinois.

**On joining NexGen:** "NexGen impacted my career in ways that I never would have imagined; it created this purpose for why am I here, why do I do this? Something important to Gen X and Gen Y individuals is having a purpose in the work that they

do. It's really fast-tracking my career much more quickly than I would have imagined."

### Moderator

**Michael E. Kitces, CFP®, CLU®, ChFC®, RHU, REBC**

**Who:** FPA NexGen co-founder

**What:** Partner and director of research for Pinnacle Advisory Group in Columbia, Maryland, partner in New Planner Recruiting and the XY Planning Network for young planners, and publisher of the financial planning industry blog *Nerd's Eye View*.

**On joining NexGen:** "NexGen gave me an early opportunity to make connections with a national network of amazing young advisers who are becoming the current and future leaders of the profession. These relationships have had a huge impact on my career, will be with me for the rest of my career, and they all came from my involvement with NexGen."

**Kitces:** *What were the primary issues young planners faced 10 years ago when NexGen was getting started?*

**Coates:** I think many firms experienced a lot of growth in the mid- to late-'90s, and most of those firms were run by type-A entrepreneurs who were not business managers. They had brought in young, talented, technically proficient planners to help cover some of their capacity constraints, but sometimes it didn't actually help, and there was an issue of, "I don't really know how to manage these people; there's no developed career path." A lot of things were in transition.

I think a lot of those [older] planners had a place to go to vent, to rustle through their concerns and the challenges they were having with their peers, but younger planners didn't have a place of their own. NexGen became that.

**Andrew Sivertsen:** I would concur with that. I think a lot of the issues back then were based on the fact that we really are in generation two, or maybe generation

three, of the profession as a whole, so a lot of the infrastructure and support systems that exist in other professions just didn't exist in financial planning. Just knowing that there were other people like you, your age, going through some of the same challenges within the firms or within your own personal or professional lives, and having resources to bounce some of those challenges off of, to me, was the real appeal.

**Kitces:** *What do you see as some of the issues today for younger planners? Are they different than what they were 10 years ago?*

**Laurie Belew:** Some people are still asking, "What is the career path?" But I think a lot of work has been done on that and there are more resources available now.

What I'm really hearing now is, "How can we step into leadership roles in our firm? How do we make a succession plan work in our firm? How do I start my own business? How do I serve my peers as clients?" I guess you could relate all of those questions back to career path, but it's really taking it three or four levels further

and saying, alright, now that we're 10 years into NexGen, the founders of NexGen are 10 years further in their career path and ready to step into leadership roles, whether it's in a firm or going out on their own and trying to make that work.

**Coates:** Obviously I don't know where they are today, not being part of NexGen [any more, due to the age limit], but it was just a few years after we started [NexGen] that a lot of the profession was evolving in very positive ways. It was exciting to see that firms were on board with helping discover career paths and trying new things, and there became much more of a collaborative environment between those pioneers and the younger generation instead of a contentious, negative relationship between them. So it wasn't very long after [NexGen] started that the conversations within NexGen became more productive, where we were really looking forward at how we do this, how we do it best—not just for our own firms, our own careers, but also for our profession as a whole—and that got pretty exciting pretty quick.

**Michael Branham:** That strikes me as well. I think there's a maturity that happened right away in NexGen, and I think that's one of the real benefits of it—that once you connect with a group of peers and realize you are not the only one facing these problems, you are not the only one that's presumably pretty good at what you do, there's a humility that comes with that. The contentious nature of the early days quickly dissipated because I think NexGen members matured and said, okay, this isn't just about us, this isn't just about my challenges, there's more going on here, and I'm going to have to approach this with a little more maturity than maybe just getting on a message board and complaining about where I work, or who I work with, or why I don't get the opportunities I think I deserve.

NexGen played a large role in that for me, personally, and I would imagine for some of the others involved early on.

**Kitces:** *What was contentious about NexGen in its early days?*

**Branham:** There was a feeling, a perception, amongst some of the other generations that there was an entitlement attitude within NexGen. And to some degree, they may have been right. When you get into a conversation like that, and you see the world is a little bigger than you originally thought it was, you can demonstrate that that entitlement doesn't exist, and you can eliminate it from your own mind if it's there. In some of the early conversations we had within the FPA community, there were those who said, "Why do you have to be exclusive? Why does there have to be a group just for young planners?" And when we were able to articulate that in a mature way, I think a lot of that contention subsided and they said, "Okay, I get it now. It's not just a group of young folks who want to come out and take what they feel they deserve, they really are looking at the world with a bigger lens or with a clearer lens. So

we can work with them on some of these issues. It's a conversation that has to happen that we feel is important."

**Kitces:** *What impact has NexGen had on the profession over the past decade?*

**Belew:** I think a big impact has been changing the conversation from, "How can I make my life better? How can I make my job better?" to, "How can we make the profession better? How can we sustain the profession?" You've got to have the pioneers and the other people there supporting that dialogue and it has to be a conversation, so I don't think you can attribute it all to NexGen, but I do think an important impact that NexGen has had is changing a me-focused question to a profession-focused question or conversation.

**Branham:** I would agree with that. NexGen opens up its members—particularly those who are really engaged and involved—to a much broader world that exists around them; it allows young professionals to become involved in larger professional conversations, and I think that's a major impact that NexGen has had.

In terms of leadership development, there's no question that I would not have been able to do what I've done in FPA, whatever that is, without having been involved in NexGen as a member, and then without having gone through NexGen leadership. I probably wouldn't have even gotten a look from the [FPA board of directors] without that on my resume, and without the humility and the training that I got and some of the support that I got from folks like Aaron and those in our study group. Without their support, I probably wouldn't have had the confidence or ability to step up and take that role. So in my life, it's made a huge impact from a leadership development standpoint on what I've been able to do, how I communicate with people,

the way I look at the world, and just my overall awareness of some of the bigger conversations out there.

From my early days starting out at a major financial services firm, I had no idea FPA existed. I had no idea there was a financial planning community out there. I had no awareness of any of the issues that we're talking about today, because the training that we got and the world that we lived in was you eat what you kill and you'd better start hunting, because it's not going to come to your door unless you're out there working your butt off. And to a large degree that's true, but they didn't really give you the opportunity to open up and see the world for what it is.

I think I'm a better professional and a better planner because of NexGen, because of the ideas I'm exposed to and the different skillsets and different technical abilities that people have, that you can pick those people's brains and really learn what they do and figure out a way, if relevant, to integrate that into how you operate with your clients and with your business. I'm smarter today because of the people around me than I would have been sitting at my desk by myself.

**Sivertsen:** And more efficient. You can get an answer to a very technical, complex question pretty quickly because somebody else has experienced it, or is going through it, or knows where to look.

**Kitces:** *Andrew, what are the issues that you hear from young planners today? What are the challenge points?*

**Sivertsen:** NexGen is almost divided into three main needs. We've got the people who are graduating out of CFP programs—they're very young, in the first five years of their careers, trying to figure out, I'm a financial planner, now what? Then we've got some people who are on more of an entrepreneur track who are trying to go out and start their own firms and figure out how they do

it and if they even can do it. And then there's this other track that's looking at moving into firms and valuing them and buying them. So [our issue is] how do we create relevant value to all three of those groups? And then, how do we advocate for NexGen?

Last year and this year we've been able to meet with FPA national leadership to discuss the needs and issues of NexGen and how NexGen can serve FPA, and how FPA can serve NexGen.

We've also looked into how we get resources to help NexGen further its events and initiatives. Does that mean recruiting partners or sponsors? How do we continue to move the ball forward on that?

And I think there's another piece, and that's presenting to high schools, local universities, and alma maters. How do we get in front of those groups of young people so that they know that this is a

profession that is attractive to enter into; that it's not just for a 55-year-old with a little bit of gray hair, but that so they think, this is actually something that I could get into and have a career in. How do we empower them to do that?

And there's professional education. With conferences, we're trying to help create relevant content and get young speakers involved. How do we make it affordable for young folks to attend? How do we price down national conferences?

Finally, I think there's the whole community aspect. How do we create a safe place to talk about what's going on—whether that be an online forum or setting up study groups or various social events. Those are the big things we're dealing with in NexGen today.

**Kitces:** *A number of study groups have come out of NexGen, and now there's a growing number of FPA chapters getting*

*involved in NexGen with local gatherings as well. Can you tell us more about that?*

**Sivertsen:** There are 90-some chapters within FPA, and a couple of years ago, [former FPA NexGen president] Caleb Brown started an initiative to reach out to chapters. We've seen about 30 chapters where someone from NexGen wanted to get together monthly for social events or educational content, so about one-third of chapters have started creating these social and educational events.

**Belew:** I think the biggest, most objective change in NexGen over the last 10 years is the size of the group. We started with about 25 people and now we've got over 2,000 members. When you've got such a large group, the challenge is trying to figure out how we can create meaningful connections among members, so I think the local chapter initiative will help

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tremendously, and not just creating the opportunity for people to get connected to NexGen and to FPA, but with each other, and to get engaged in the conversation ... giving them leadership opportunities at the local level, and just creating that space for some of those conversations that you can't have in as intimate a way as you did when there were only 25 members. So we're trying to—whether it's through study groups through the local chapters—create that environment.

**Kitces:** *Where do you see things evolving over the next five to 10 years?*

**Sivertsen:** I think a critical piece is just the sheer presence of NexGen that makes financial planning attractive to the younger generation. I think NexGen has become a critical piece to the pipeline of sustaining the profession. It's that natural next step for all these students graduating out of these universities with CFP programs to get involved in the profession.

I think NexGen is also going to be a place to continue to generate ideas and establish new ways of thinking—whether it be business models, and service models, and that type of thing—to further the profession. A lot of ideas for leveraging low-cost technology to service young clients, or maybe even the mass affluent, may come out of that.

I think we'll continue to see NexGen evolve at the local level. More and more chapters will start having their own liaison who will be organizing things, perhaps getting on their local FPA board, so that they can create relevant resources and content for that group.

We will likely see more study groups forming out of NexGen, especially now that we are 2,000 plus members. It is difficult to feel like you have a safe place on a forum with 2,000 people when you don't know who else is reading that content. So we've seen study groups form out of our NexGen Gathering that we host annually, and I think we'll see more of that.

**Kitces:** *One of the more controversial pieces of NexGen is the age limit. Does the age limit (36 and under) still make sense? Do you think it's been a positive? Do you think it's been a negative?*

**Belew:** I think it's been a positive. I think we need to communicate the reasons for the age limit, both to NexGen members and other people, so that you don't fall into that trap of it becoming this exclusive community that is living on an island and having its own conversation, but to remind people that part of the vision of NexGen is to connect the generations. You have to create that safe space for peer-to-peer conversation, but do so in the context of pushing the profession forward and encouraging broader conversations, inter-generational conversations, so that you can really have an impact.

**Branham:** I personally think it's too high. I think 36 is too old. I felt like I hung out in NexGen until I was 36 because I could, and I noticed toward the end of my time there that maybe I just needed to turn it over and let things happen without my interference.

**Coates:** The concern we all had at the beginning was the risk of having it be too old, but of course too young as well. You need to have some consistency of leadership, but it's a dialogue of a specific generation that is going to be under-represented in the broader community, because FPA [national], on average, is going to have leaders from older generations; its membership is going to be, on average, more experienced, established members.

**Sivertsen:** I think 36 could be a bit on the high side. I think it's still important to have an age out just to have a natural progression. It also seems, with more and more universities creating CFP programs, that the age of young planners is dropping, as fewer people are jumping in in their late-20s and early-30s, and more young

planners are coming right out of college and starting in the profession at 22.

**Kitces:** *Do you see a place for the career changers in NexGen, or should there be a separate group for career changers?*

**Belew:** I think [career changers] have separate issues. So much of the NexGen conversation is, "How do I earn credibility, both with my superiors in my firm and with my clients, because I don't have any gray hair?" And I think some of the issues are somewhat age based, but it wouldn't necessarily overlap with career changers.

**Branham:** I can see NexGen really being the place where young professionals mature and grow into their role as planners. To some degree, career changers—having come from other professions—have some of that already. That's why MPACT, Mid-Profession and Career Transition, was so important (and that has since split into two groups). I see [career changers] as needing a place where they can get involved, but they also maybe have different needs in how they grow into this career. To have community where they can gain those skillsets is probably valuable, and to leave the skill development that happens at NexGen to those who are of that age, I think, makes a lot of sense.

And I'll tell you, right now, about 50 percent of NexGen is in the 31 to 35 age demographic, so one of the challenges of NexGen is to figure out a way to bring in more of the even younger age demographic, and really let them lead and give them the opportunity to develop leadership skills and professional skills that might be missing if everyone running NexGen is 35, 36 years old. For Andrew and Laurie and those making decisions now, those are challenges that they'll face and no doubt conquer.

**Kitces:** *Why should young planners join NexGen today? Or, for firm owners who*

have young planners in their office, why should they direct those young planners toward NexGen?

**Branham:** To connect with a community of individuals with similar needs and issues; to find relevant discussions and relevant educational content and things that are interesting to them.

Firm owners should direct young advisers toward NexGen, because I think it's a healthy way for them to build up their young planners. If we try and shelter them too much from other organizations or even recruitment from other firms or even the ideas of starting your own firm, then they're probably going to leave anyway. We need healthy relationships with firm owners to enable young planners to become the best planners they can be and support them. I really believe that [in return] young planners will develop a real deep

loyalty within their firms and eventually partner and hopefully succeed those firm owners.

**Sivertsen:** I think if you insulate young planners, for whatever reason, to just their firm or those around them, you ensure that they're never going to expand beyond the worldview of the firm itself or the people they work with. From a connection standpoint and from a personal and professional growth standpoint, I think it's essential that young planners get out and realize what the bigger financial planning world looks like, what some of the major conversations and topics are; that they're exposed to different ways of thinking and different methods of doing things so that they can become every bit the planner you want them to be within your firm to serve your clients.

**Belew:** Well said.

**Kitces:** Any final words?

**Branham:** I want to thank Aaron and Michael [Kitces] for just starting NexGen and giving us a place to come together and all those along the way who really built it up to what it is. It'll be neat to look back in another five or 10 years and see how far it's come, and it'll probably be someplace that we've never even imagined.

**Sivertsen:** Having been at the NexGen Gathering in June and seeing this current leadership in action, and those that are potentially on deck, the future of NexGen is in good hands. I feel really good about the fact that we're going to see success from NexGen for many years to come, and they're going to be able to take it to even higher places. A lot of credit goes to those folks, and I hope they continue to be passionate and enjoy the work they're doing. ■

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