

# PI\_EP\_35

[00:00:00] Welcome to the perfectly integrated podcast, hosted by Matt Ackerman, where we show the power of teamwork in wealth management. Now onto the show.

[00:00:16] What's next what's ahead for financial advisors in the next generation. Really different expectations when it comes to financial advice and financial planning, they're turning to Google, they're turning to YouTube, social media for their financial advice. You know, this was really startling to me, research from Greenlight and allowance and debit card app that launched a financial education and trading arm shows that 35% of gen Z is getting their financial advice from Tik TOK.

[00:00:43] Yup. The same site that can teach you to dance, like J-Lo can teach you everything you need to know about it. So what's ahead. Well, today I'm so excited to chat with Sonia letter from and company to talk a little about the horizon and what she is seeing a Sonya. Welcome. Hi Matt. Thanks for [00:01:00] having me. Uh, I am thrilled to be having this conversation today.

[00:01:03] I really am looking forward to you. I end every podcast with a question from my son. I got to talk to him. A lot about this whole idea of where ideas are coming from these days. So I'm excited for that one, to get us kind of started, you know, you spent a lot of your career in academia.

[00:01:19] What makes this next generation so unique? You know, I think you already hit on it and it Matt, whether you realize it or not, people have access to so much information now that if they ever have a question in class, out of class, They just Google have their answer immediately, whether or not it's the correct answer we want them to know or not.

[00:01:43] So it's almost as if they're coming into class as. Semi experts already, which makes the teaching element so much more exciting and rewarding because there's much more ongoing conversations even right there in class, they can either agree or [00:02:00] refute a comment that the instructor is making. So that's really pretty neat.

[00:02:04] And I think the other really big thing that. Maybe you and I didn't have in the college experience is much more in practice experience and students are not just doing one internship anymore. They're doing more than one internship and they're getting real experience during those internships, not filing

paperwork, not running errands, but actually getting to sit in front of clients and listen to some of those conversations.

[00:02:32] It's so interesting because I say that gap between knowing something and not knowing something is so thin now because of Google and the internet that you don't appreciate the aha moments as much, you know, there used to be, you'd have a debate at a party. Let's say where two people will be talking about, you know, who was the MVP of the 1975 world series.

[00:02:52] And they'd argue back and forth. And eventually the debate would go where it went. Now you just Google it. So you don't have. Sense of that [00:03:00] knowledge and knowing things. And it must really affect how things go in the classroom these days for you. It does. And, you know, I think it also impacts memory because there's no sense of remembering who that most valuable player was, because I can just look it up whenever it's relevant to me.

[00:03:16] So it is a different way of learning. Not that it's right or wrong, but definitely different than the experience uni. And it was Pete rose. Anyway, what, when you think about these next generation of financial advisors and planners and, and what they're thinking as kind of, you know, they think about being a planner and providing kind of planning for the next generation, what, what, how's that experience going to change for them to, uh, and the way that they go about educating and teaching people and, and providing planning as we move ahead to the next 20 years.

[00:03:52] Yeah, I, you know, I think it's going to be a lot more hands on to where the financial advisor will actually be showing the client [00:04:00] what they need to do or where their resources are located and much more interactive than what we have seen in the past. And so I think that that's. It's a really exciting proposition because most of us don't learn by just hearing something and then applying it.

[00:04:16] So that interaction and ability to watch somebody show you is it could make a pretty sizable difference in terms of the financial planning process. It is fascinating because I think that hands-on, that client experience is so critical because you're right. If folks can do some stuff on their own, the.

[00:04:39] Make her now will be, how does it make you feel? What can you take off their plate that maybe a bot or an app can't and that's really going to be very, very important for these folks, the human element. Definitely. So, you know, I know Herbers and company a is first consumer academic research study

really revealed that people who [00:05:00] hired an advisor are three times happier.

[00:05:02] Then those who do not, why is that? Why do you think people are so much happier when, when they've got somebody, when at the same time, maybe they felt like I could do this myself and use an app or something like that. An important clarifying point here is that this is people of same income of seeing net worth.

[00:05:18] So it's not that the people who had the financial planner were just wealthier and therefore happier. This is holding all income. The same across both groups. And I think that really points to the financial planner eliminates some of those daily stressors that the client doesn't have to think about.

[00:05:38] They don't have to worry about what their financial future looks like. Somebody else's to taking care of that. For me, they have a very clear roadmap in terms of what's happening in the immediate future. And what's happening in the further, down the road future. You know, it's so interesting because despite that, Hey, this is going to make you happier.

[00:05:58] If you have this, [00:06:00] most people still are reticent to even hire a financial advisor. You know, what was kind of the most telling piece of information from that body of academic work and academic research that said, Hey, even though it might make you happier at the same time, people are still reticent to bring in a financial.

[00:06:18] They want independence. They want to have some control over their financial plan. So there's this idea that the financial planner can eliminate some of those stressors for me. So I don't have to think about it, but at the same time, people really want to be able to know what's going on and be able to provide some.

[00:06:37] Input and maybe even some modifications to the financial planning process that the financial planner just may not even consider here. You are as a client coming to me as a financial planner to put this roadmap in place for you. So naturally they think that it's best for them to just go ahead and put that roadmap into place.

[00:06:56] But in reality, clients still want to have some sort of interaction [00:07:00] there and the ability to maybe even modify the plan on their own. And that mindset still that we started with, I know better. I can do this myself. You know, there's that kid on Tik talks doing it. Why can't I, that mindset of

like, you know, well, you know, everybody I know is telling me how they're, you know, mining already out there for, uh, you know, for, for all this cryptocurrency and stuff.

[00:07:27] Why do I need help? But the truth is, you know, having someone on your side is really. It is really powerful. And even today we still have this feeling that money is secret and that we shouldn't talk to other people about money. Like how many times at a dinner party do you start discussing your income? It doesn't happen.

[00:07:49] And the financial planner gives that opportunity and that space to be able to have some of those deeper conversations, that's what the client wants. They want those deeper [00:08:00] conversations. And they want to be able to do some of those modifications on their own. If they see fit. I mean, growing up, how often did your parents bring up money at all?

[00:08:10] How often your parents tell you at all about the amount of money? Right. Great. And I see why you have at least one younger child. Um, so I'm sure you have been asked how much money you make. And we have those conversations openly in our household and my children want to know how much money we have. And I said, well, what do you mean by half?

[00:08:31] Because there's a difference between what to enter checking account and what we have that we cannot spend right now. Eh, And then I hear them talk about it with their friends, which is really pretty interesting. I don't think the friends really care. They have no idea what it is we're talking about, but at least I'm willing to have the conversation with my children.

[00:08:50] And I think that's a really important element to moving us past this secrecy of talking about money and giving people the space to have those [00:09:00] conversations. My four-year-old told the kids in preschool, we were rich. Uh, so we then had our conversation like, well, why do you think we're rich? Well, we have two cars and we have a house and, uh, I have all the toys I want.

[00:09:16] That is really. To a four-year-old and I had to explain to them, well, we have one car, we have another car that the bank pretty much owns for now. And you know, the house we have, you know, but kids don't understand that. And we just, so then the ten-year-old asked, okay, well, you know, he asked me, well, how much money do we have?

[00:09:34] Which is an interesting, it's the same question that your kids are asking. And we had a nice conversation together, but it's. I, you want your kids to feel like they're going to be comfortable, but you also want them not to think that like, you know, they can have every toy they have, they want. Right. And it sounds like you're also teaching the lending process, which we, we also had that conversation.

[00:09:55] Well, we sort of own house, but we sort of don't own our house.

[00:10:00] Exactly, exactly. So, you know, it's so interesting because I think so much is evolving. You know, whether it be. This evolution of how we talk about money with each other, with kids. It's not this hidden secret anymore to even just the idea of employment with my dad, my dad worked one job.

[00:10:20] His whole life was very fine. He's comfortable. And in my mom was a teacher. She worked in that job, but now. People not only work multiple jobs that work in multiple careers. I mean, I think about even the last couple of years with this great resignation, things are changing and you know, what's going on with employment is changing.

[00:10:38] Have you been surprised at kind of this evolution of employment with the great recession? There's some really interesting research here with Herbers and company, with people of the great resignation. So those folks who have left within the last year and taken on a new full-time job. And what we've seen is that the number one element that people are wanting from their

[00:11:00] leaders.

[00:11:00] It's empathy. And this is something I talk about frequently in terms of people want that deep connection. It's easy to get lost, taken it back to the beginning of our conversation with, um, this idea of, uh, social media and the ability to get as much information as we could possibly want. It's not a lack of general information that's out there.

[00:11:23] What people want. Is to be seen and to be heard. So this is why people seem to be leaving their jobs over the last year is that they want a leader who will have those deep conversations with them and allow them the opportunity to make a difference in their work. It's so funny because culture is a word that.

[00:11:45] That'd back and forth. When it comes to a company, I always say a company that talks about its culture a lot often doesn't have the culture. It believes it has because you need that empathy. You need that sense of, um,

[00:12:00] that, that sense of, you know, we've got your back a little bit too, and

those are the companies that you're going to stay with a long time, not a company that's, you know, you feel like is just, uh, you know, grinding you unit.

[00:12:11] Absolutely. The company that leads by their values not just says their values. Sure. It's the word? Flexibility. I think when it comes to employment has been tossed around a lot in the last couple of years, but now I think we're really starting to see the value. For a company, especially to be flexible, that's employees flexible is where it hires.

[00:12:34] I work out of my attic here. I have a company that's amazing to work with because of the fact that it's based in Boston and San Diego, but said we see the talent and opportunities. So, and we trust you. So, you know, working out of the attic is become a, a great way to. Folks since we found their next home.

[00:12:53] Absolutely flexibility was a big factor within the study as was burnout, which we've seen a lot about burnout [00:13:00] in the news as well. So the opportunity just to be able to. A little break and then recharge and come back. We're always at work now you're in your attic. I'm in my basement. Like we never leave our work.

[00:13:13] It's always here. So that opportunity to really disconnect and be able to find meaning in your life outside of. We'll keep people employed much longer. I read a social media post about a company that it was a mattress company today that is now mandated in like a half hour nap time in the middle of the day from two to two 30 for its employees.

[00:13:38] Um, I dunno if I would take a nap in that time, but I do like the flexibility to be able to drop my kids off at school. Pick them up from school. You eliminate the commute and now suddenly dinner's on the table every night. And, uh, That's just amazing in terms of like that kind of flexibility in the workplace.

[00:13:53] These. It's pretty incredible. I'll be interested to know how this pans out for them, because there's a lot of mixed [00:14:00] research on midday naps, but I lose this opportunity to plug getting outside. We see that for every 15 minutes that you're outside during the day. Pretty much any indicator of mental health wellbeing, you can think of increases productivity increases self-esteem increases, sleep quality increases, so on and on and on.

[00:14:23] So getting outside for those 15 minutes. Amazing. Uh, I, I agree. I agree. Completely getting some fresh air is, is just so valuable now to kind of pivot a little bit, you know, I know, you know, we've talked a little bit about

money and, uh, how people, the relationship people have with money. I know you've done a lot of work on the behavioral finance side, you know, what are some of the most common behavioral issues people have with money that they may not realize they have.

[00:14:50] We're sticking to a pretty good theme here because the one that comes to mind first is the Baader Meinhof phenomenon. This is sometimes it's called the frequency illusion [00:15:00] phenomenon to where we get something or we learn of something new. And then that's all that we see. We learn about cryptocurrency.

[00:15:09] And therefore we believe that everybody has cryptocurrency. I must have it because everybody. Around me that I know has it. And so it's almost this fear of missing out in terms of, well, I don't want to be the only one who doesn't have this new shiny thing. I must also get the new shiny thing, whether or not it makes sense for my long-term goals or not.

[00:15:32] Overconfidence of course plays in here. We read about this over and over again, but it's still true today that we, as humans tend to believe that we are better than average and it is statistically impossible for us all to be better than average, but it's hard for us to see where we might be. Just average or maybe even below average, in some things we think we can write our own [00:16:00] financial plan and we think it's going to work out just fine because I'm smarter than the next guy.

[00:16:05] And just this willingness to accept my position for what my position is right now is probably the biggest behavioral gap that people have in the financial planning process. Oh man. You're, you're preaching to the choir here. I think sometimes the hardest thing is we all want to be measured against everyone else.

[00:16:25] And the truth is, uh, you know, I, I think th th the best folks out there are the ones who are willing to kind of, uh, you know, be confident in their own skin. Yeah, I am just as competitive as the next person. So if you do have that, why don't you compare yourself to a previous version of yourself, then you still get that comparison that we all seem to crave, but it's very.

[00:16:51] And worth. We focused that. I know you do a lot of work with marriage and family planning, marriage, family therapist, as well as being a great CFP. Do you [00:17:00] think the future of financial advice will include being to a certain extent a person's therapist and how can advisors kind of prepare. Yeah, based off of the way, you'd let that up.

[00:17:08] I hope so, because that's what my training has been in. Uh, but yeah, I really do think so because again, sticking to the theme that we've discussed, people can get the nuts and bolts information. The quantitative is not necessarily what they're seeking. Deep conversations with they can do that on their own.

[00:17:31] They may still have questions about some of the technical elements of the financial planning process, but what they really want to do is talk about their goals. They want to talk about the family elements that. We haven't even gotten into that, but the generational effects of money and having some of those hard conversations about what that looks like.

[00:17:53] And, and maybe I don't want to leave an inheritance for my children. Maybe I actually want to leave it for [00:18:00] this other situation, or maybe I want to spend all of my money and that's not at all about the numbers. That's all about the person as a person and what they value and believe in. And maybe the couple disagrees with the directions of those.

[00:18:16] And so being able to mediate some of those conversations slash conflict for our clients is really hard. And I think it's something that all financial planners are going to start seeing increasing more and more as time goes on. So it sounds like our experiences with money create biases for us. When we teach about money to our kids or, you know, the same way, you know, we, whatever our parents taught us, we then run through our own filter and then we're trying our best to, you know, build humans for the next generation that are going to be good.

[00:18:54] You know, w w we're we're limited by those biases. Absolutely. Yes. [00:19:00] It's fascinating to me because we're, we're, this, every generation is kind of sandwiched between being child and parent, right. At least, you know, for, for myself, I can only speak for myself, but, but it's, you know, you see what your parents did.

[00:19:11] Oh, Like I said before, my dad worked one job all the way through and you know, we've seen people jump around to different careers. You know, now when I teach my kids and they think about what their future may look like, I'm limited to those by. Yeah. Yeah. And it's nothing that you did wrong or that I did wrong.

[00:19:29] It's just simply the way that we've learned over time. So what we can do is teach our children maybe a different way of thinking about money and being more okay. Talking about the meaning and the beliefs and the biases that



we all can. And, and getting out of that mindset of you, these are the steps of life, you know, it's like, you know, my son broke out actually the game of life.

[00:19:55] Um, you know, the board game yesterday, you know, you spin the wheel and you go around and [00:20:00] yeah, you see, you go from education to marriage to having children. And then all these pitfalls along the way. Uh, the more folks from the next generation that I talked to, I, I, I run a, a youth group and all the kids aren't necessarily going to college.

[00:20:12] Next. Some of them are taking a gap year. Some kids are talking about, you know, well, why should I have to wait for, you know, retirement at age 65 to do what I want to do? It's, it's fascinating to me to see that, you know, it isn't the same spin of the wheel and, you know, troop your Merry way to the end of life.

[00:20:29] It is fascinating that people are charting their own course. They want to make an impact is what I've been seeing with some of the research that I've been doing. They want to live a fulfilled life. They want to know that they are making a difference in their own life and the lives of those that they care.

[00:20:47] So to bring us back around to the top again, as the next generation wants to make that impact, what should financial planners be prepared? Therefore, what should advisors be ready to do? How can they be [00:21:00] successful here with this next gen? Half the conversation and you might be willing to are going to ask me about the psychology of financial planning book that the CFP board just released.

[00:21:17] And all of that is exactly what financial planners need to be prepared for for working with their own clients. And to have those conversations with their new planners who are coming into work with them, the students who are just graduating out of college. They've got the book smarts. They know how to write a financial plan.

[00:21:37] They know how to write the recommendations. They know how to talk with clients, but what they're missing is a lot of that real world, real life experience that is necessary, or at least helpful and developing empathy and understanding for a client situation. So having the conversations in terms of what it was like when they experienced their first client death [00:22:00] or the.

[00:22:02] The death of a spouse of a client and what that was like, and working through the grieving process, working through maybe mental health diagnoses, chronic illness, those things that the average 22 year old has not seen yet in their

life and being willing to guide them and help them understand what that looks like.

[00:22:25] Sitting across from a client when this is not what you expected the client meeting to go like, and here they drop this really big news on you and you you're supposed to digest all of this information, modify the plan quickly and be able to carry a conversation. It's not an easy thing to do. And it's hard when you haven't had those personal life experiences.

[00:22:46] So I think it goes back to what you were saying before. I would rather have that empathy feel, then you have an answer. I would rather you say to me, in those moments, this is really hard. And I'm going to, I'm [00:23:00] going to come up with a, I don't need an answer right now because sometimes an answer off the top of your head, isn't the best answer.

[00:23:06] So I'd rather have that empathy, that, that customer service that you know, that client centered approach of I'm a human too. I'm going to figure this out and we're going to work on this together. I love, I love kind of that kind of thinking too. I'm going to use this opportunity to plug one of your previous podcast guests, because I loved what he said is Daniel Crosby and how he talked about only one third of the people who have an advisor trust their advisor.

[00:23:34] And he and I both come from a mental health background. And what he shared with you on that show was that report. And trust. In other words, empathy is the most important thing and predicting a successful therapy relationship. The same is likely applicable to the financial planning environment. And this is the precise thing that [00:24:00] we need to teach our new advisors, how to do and give them the opportunity to ask the questions and.

[00:24:08] And have the hard conversations about these difficult life situations and help them get a better understanding. Wow that nailed it. And, and, and I've, I've won almost. You almost want them, I almost want to mic drop and walk away, but I did promise a question for my 10 year old son, CJ. You know, we, we did get a great chance to talk a little about, um, the things that influence his decisions.

[00:24:32] Um, and he, I learned a little about discord last night. Um, YouTube chats, uh, he's not on Tik TOK yet. So I'm lucky there. Uh, but he asked me to ask you, so if everyone's using tick-tock and social media and streaming, do you think that TV, newspapers, magazines are going to be even around for the next generation?

[00:24:52] If that's not the place that they're going for it. I have thought a lot about this issue. What is the future of [00:25:00] media? And I am the furthest thing from an expert here. So let's just preface my response with that. I think about when I was a teenager and in high school, even middle school and where I was getting my information.

[00:25:17] And it was much different than where my parents were getting their information. I was having the conversations in person with my friends. Maybe we were passing notes in school. Maybe we were going I'm from a rural area. So maybe it was going out to the field and having a private, a secret conversation that the parents didn't know about.

[00:25:37] So we were still getting other information that probably wasn't entirely accurate information. It wasn't. On my computer, but it was the same concept of this idea of the social influence. And then as you age, you start turning to other sources of information. So maybe I'm just old [00:26:00] fashioned, but I think that your ten-year-old will eventually shift where he gets his information and.

[00:26:07] His children will probably have a whole different source of informal communication and knowledge and news that we can't even begin to imagine yet. But I, I don't think that newspapers are going away. Well, I hope not. I'm, I've always appreciated newspapers. I think they hold a really important place. Uh, but I do think things continue to evolve quickly.

[00:26:32] I mean, even if you look back 20 years, we didn't have social media. You know, we, it, my, my, you know, the idea of all of us with a phone in our hand, in our pockets at all times would seem crazy to, um, Matt Ackerman circuit point 22, 20 2002, excuse me. So I am excited to see what happens. I'm a little nervous, but hope that I can always keep up with, uh, wherever things might go next.

[00:26:59] Me too. [00:27:00] So new. This has been a great conversation. Thank you so much for making time today. It's really been my. Thank you, Matt. Thanks so much. And thank you to all of you for listening. This has been another exceptional episode of perfectly integrated, uh, for integrated partners, Matt Ackerman.

Content in this material is for general information only and not intended to provide specific advice or recommendations for any individual. All performance

referenced is historical and is no guarantee of future results. Securities offered through LPL Financial, Member FINRA/SIPC.

Investment advice offered through Integrated Partners, a registered investment advisor and separate entity from LPL Financial.

Sonya Lutter is Director of Research and Academy at Herbers and Company and is a separate entity and not affiliated with Integrated Partners and LPL Financial.