

Special Section: The Best in the Business

NEVER STOP LEARNING

To do right by their clients, advisors need to keep their credentials — and knowledge — up to date. Continuing education is one way to achieve this goal

by Anita M. Volkomer

Your clients seek and trust your advice. Your advisory firm values your relationship and provides you with a high level of support and service. Client referrals have never been a problem. You are an experienced, successful advisor, so why should you be concerned about continuing education?

Simply put, continuing education is just as valuable to successful advisors as it is to the novice. While the learning curve may be steeper for the novice, the experienced advisor must also contend with complex new products and markets, as well as an ever-changing regulatory envi-

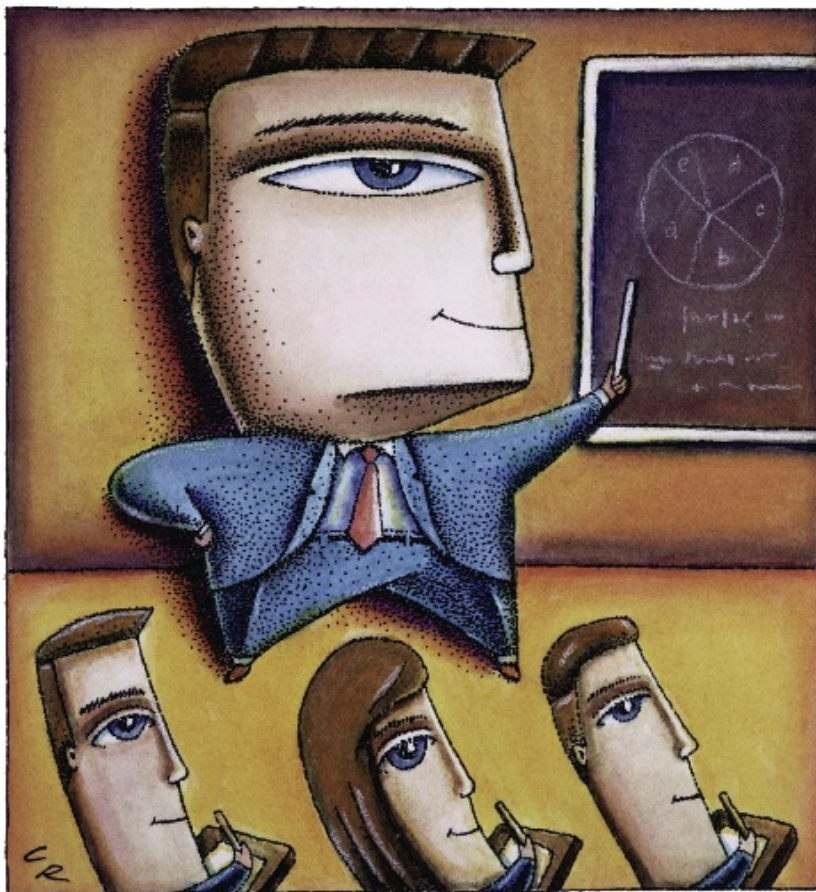
ronment. Advisors need to know — and be able to explain — how these factors will impact the financial futures of their clients and prospects.

Continuing education is a good way to stay one step ahead of all of the issues you and your clients face. And when you commit to staying at the top of your game, your clients and prospects will commit to doing business with you.

Marketplace issues

The global nature of today's investment universe makes it essential that advisors keep current with new and often-complex financial products. Large segments of the investing public are aware of financial alternatives that range from emerging market bonds to collateralized mortgage obligations to hedge funds. They may even track the London or Tokyo indexes in their daily newspaper or via the Internet. Prices for crude oil or gold, or the exchange rate of the euro or yen versus the U.S. dollar, are also readily available to investors. Therefore, advisors need more than basic skills and traditional product knowledge to work with today's clients.

Continuing education can provide the ongoing knowledge necessary to maneuver through the latest developments in this world of complex investments. Understanding your client base and its investment needs should be a major factor in the continuing education choices you make. If your clients look globally for their investment choices, for example, you must understand the products and potential pitfalls in the global investment arena. Overseas markets can change overnight, and complex investments may have far less liquidity than more traditional investment products. It is incumbent upon advisors to fully understand the products and services they offer to their clients — the more complex the products, the more necessary continuing education becomes.



© IMAGES.COM/CORBIS

Regulatory issues

A major reason for taking continuing education seriously is the ever-changing regulatory landscape. Pick up any major newspaper and you may well find reports of a regulatory inquiry or investigation that has snared a financial services firm or its investment professionals. Continuing education can serve to inform advisors of so-called regulatory “hot button” issues or ongoing investigations of business practices by either the Securities and Exchange Commission or a self-regulatory organization, such as the NASD. Understanding which activities serve to set off alarm bells in the regulatory community may keep you, as an advisor, out of harm’s way.

Additionally, certain products or business practices can generate more scrutiny than others. Do your clients invest in IPOs or mutual funds? Have they purchased variable annuity products? These are just a few of the investments that have been the subject of regulatory scrutiny and disciplinary action. A new topic emerging on the regulatory radar screen is the rate paid to investors on cash sweep accounts offered by financial services firms versus the actual amount earned on the funds swept. While no regulatory action has been announced, the possibility of future action exists.

Finally, regulators have been known to change requirements in areas such as required registrations, allowable activities or business practices. The wise advisor keeps his or her eye on the regulatory ball and is prepared to adjust to changes in regulatory requirements and to discuss regulatory issues with clients, when necessary.

Educating your clients

Today’s investors — particularly those clients with significant wealth to conserve — place an increasing value on financial education. They look to an advisor to assist them in navigating the increasingly complex tax and estate planning waters. Recent news articles have highlighted how wealthy investors are returning to school to further their financial education and learn how best to retain and grow their savings or the proceeds of an inheritance.

Consumers are savvy and are going to want to understand the options you present. Baby boomers with substantial earnings or liquid assets to manage, for example, have demonstrat-

ed a greater likelihood to seek professional financial advice. Still, many will have done research prior to seeing an advisor and are looking for financial services professionals who can help them better understand what they have learned. So, in order to attract this large segment of investors, advisors should expect to include educational services with their advisory services or else risk losing these investors to advisors or institutions that will.

The designation

It is almost impossible to be a successful financial advisor today without an advanced education in financial planning and a recognized professional designation. Clients want advisors to be well-versed in a broad range of financial planning options, and have come to expect their advisors will have a professional designation that reflects their commitment and knowledge.

Just as lawyers and CPAs have ongoing proficiency requirements, so too do those with professional credentials in the investment field. The number of professional designations has grown over the years, and each carries a significant continuing education requirement. For example, a registered financial advisor with the National Association of Personal Financial Advisors is expected to complete 60 hours of continuing education every two years, while a certified financial planner or a chartered financial consultant must complete 30 hours of continuing education every two years.

To get the most from continuing education, advisors should be highly selective in the choices they make from among the educational options available to them. Whether attending a seminar or pursuing a certificate program, continuing education provides the skills and knowledge base needed if advisors are to stay current with market and industry trends, as well as regulatory developments.

Whether new to the financial services industry or an established, successful advisor, you are continually dealing with new products, markets, requirements and regulatory issues — all of which can impact your business and the financial lives of your clients and prospects. Continuing education is one way for you to maintain and improve your professional knowledge, which will help to ensure you are giving your clients the best possible advice. **RTT**

Anita M. Volkomer is the president of Financial Services Training Inc., a Los Angeles, California-based continuing education and professional development firm serving members of the financial services community. For more information, visit www.fstpartner.com.