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# Getting Them While They're Young

*Generations X and Y may not have much money yet. But financial planners have set their sights on them anyway.*

By VERONICA DAGHER

Youth may be wasted on the young, but financial advice isn't.

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Many financial planners don't want to take on clients in their 20s and 30s, figuring that young investors have too few assets to justify the planner's time and attention.

But others think this is shortsighted. Indeed, some financial planners are adjusting their services, fees and marketing to serve this demographic, banking on their ability to help today's young investor become tomorrow's "big" client.

"You can make a big impact with this group," says Bobbie Munroe, an Atlanta-based certified financial planner. "A few simple course corrections at age 30 can make a big difference by age 60—and that's good long term for the client and the firm."

Seeing the potential in Generations X and Y, financial planners are trying a variety of approaches to attract such clients: cheaper, less in-depth planning services to get them started on the right financial path; helping them with their careers; conducting seminars for graduate students; and forming networking groups with other financial professionals that focus on a young clientele. What follows is look at some of the strategies in play.

## *Financial Physicals*

Joseph Alfonso, a Santa Clara, Calif., certified financial planner, offers what he calls "financial physicals" to young investors.

Zohar Lazar

He asks his clients to choose three issues they'd like advice on, such as their 401(k) investment selection, whether or not to buy a home, and debt reduction. After researching the client's issues, he presents his findings in a two-hour meeting. He follows up with a written report and remains available for questions regarding the report—but doesn't provide any other ongoing support.

Mr. Alfonso charges $1,000 for the service. But if someone becomes a retainer client within 30 days, he deducts the amount from his annual fee.

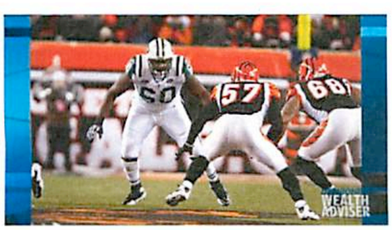
He says he thinks this approach is helpful for younger investors because it gives them a financial direction and foundation to build on.

It also helps position him as the go-to planner when they need his services in greater detail.

"The door is open for them to become ongoing clients in the future," Mr. Alfonso says, adding that some clients have already made that transition.

## *Career Talk*

Rand Spero, a Lexington, Mass., certified financial planner, likes to talk about career options with his young clients. In a planning meeting, he will discuss general economic and employment trends in a client's field and what that means for the client's future earning power.




Sometimes boring investments are best, says financial advisor Matthias Kuhlmey. Plus, James Altucher

Career planning is important, he says, and is particularly relevant when working with young investors who may have an unstable freelance income or who rely on their job as their sole source of earnings.

Recently, Mr. Spero had a 30-year-old client who was frustrated with his management job and wanted to go back to school to retrain for a position in the nonprofit sector. Mr. Spero looked at the client's savings and found that he could afford to return to school, assuming he continued to rent his apartment. But he suggested the client consider attending night school while continuing to work.

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"When pressed about what type of work he wanted after completing graduate school, he was vague," he says. "So we discussed researching his future career options in this new field in more detail prior to making this big step."

While not a career counselor, Mr. Spero says that being willing to speak with clients about their career paths has helped build his business.

## *Online and Not*

Ben Birken, a Chapel Hill, N.C., certified financial planner, says his firm capitalizes on its college-town location to prospect for young clients. Mr. Birken conducts seminars for graduate students at the University of North Carolina-Chapel Hill, a strategy that he says nets new clients and prospects.

His firm, Woodward Financial Advisors, also has upgraded its website, both for content and to improve its rankings in search-engine listings.

Some advisers suspect young investors want to get all of their financial-planning information online—without using a planner.

In Mr. Birken's view, the adviser's role is indispensable. There is a lot of both good and bad information on the Web, he says, and a good adviser serves as a filter, "parsing through all the available information and applying the necessary specifics to that client's unique situation."

"I can find out how to fix my car online," he says, "but that's not going to make me a good mechanic or make my car run better."

Mr. Birken's company has been more wary about using social-networking on the Web as a marketing tool, he says.

"We think this [social media] is still a pretty big gray area in term of compliance, and we're pretty wary about wading into those waters," he says. For instance, he explains, the company has to keep copies and records of every written communication with clients, including electronic communications.

"If we can't retain a particular form of written communication, then the SEC prohibits our using it," he says. "Some social-media sites allow for real-time chat, and we don't have a foolproof way of keeping logs of everything."

Mr. Birken hastens to add that he doesn't think such issues are insurmountable. "Our firm just hasn't crossed this bridge yet," he says.

## *Networking Option*

At age 30, Matt Showley believes he has a good understanding of the issues on young investors' minds.

The San Diego-based certified financial planner started a local networking group of young professionals, including estate attorneys, CPAs and real-estate agents who work with this same demographic on other personal financial matters. Mr. Showley says the group has helped him land new clients, and helps his existing clients find other resources they may need.

Young investors tend to be focused on their immediate financial needs, he says, such as buying a house for their growing family or booking their next vacation. Retirement is important, too, but it's not foremost in these clients' minds.

Mr. Showley says he generally avoids doing retirement cash-flow projections for younger investors, partly because their eyes may glaze over. Instead, he simply advises his young clients to start preparing for retirement by maximizing their contributions to retirement accounts in relation to their other spending and saving requirements.

This approach, he says, has paid off in the form of happy clients who have referred him to their friends.

*Ms. Dagher is a reporter for Dow Jones Newswires in New York. She can be reached at veronica.dagher@dowjones.com.*