InvestmentNews®

JUNE 17-21, 2019

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MEET THE PROFESSION'S NEXT-GENERATION LEADERS PAGE 8

BREAKING OUT: (FROM LEFT) ANDERS JONES, JULIA WISS AND LUIS F. ROSA

40 UNDER 40

NEWSPAPER | VOL. 23, NO. 24 |

TOPNEWS

ACCURACY / EXCELLENCE / FAIRNESS / IMPARTIALITY / INDEPENDENCE

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Top financial terms consumers are Googling
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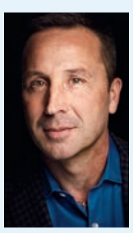
EDITOR'S NOTE

Another class of 40 Under 40 takes the stage

InvestmentNews is proud to announce the winners of our 40 Under 40 awards for 2019.

This year, our sixth 40 Under 40, the editorial staff of *InvestmentNews* reached its selection of 40 individuals after evaluating about 1,000 nominations submitted online.


FRED GABRIEL

InvestmentNews' 40 Under 40 project is meant to highlight up-and-coming leaders in the advice profession. The young men and women recognized in this issue already have achieved a laudable measure of success. They also demonstrate leadership skills and are passionate about advancing the financial advice profession.

In short, they are the people who will move our profession forward.

Our 2019 honorees include CEOs, entrepreneurs and even a former Wall Street trader who now devotes her time and energy to introducing financial literacy to some of the most economically disadvantaged school districts in the country.

If you want the full 40 Under 40 experience, check it out online at InvestmentNews.com/40. You'll get some added interactive data about our honorees, as well as videos, in a blowout online package.

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CORRECTION: Five firms were mistakenly omitted from the RIA rankings (top 50 and/or state rankings) in the June 3 issue: Donaldson Capital Management in Indiana, Elgethun Capital Management in South Dakota, Homrich Berg in Georgia, Mill Creek Capital Advisors in Pennsylvania and The Wealth Consulting Group in Nevada. Find correct rankings and data at data.investmentnews.com/ria.

Cetera latest to be hit with breach of personal information

BY BRUCE KELLY AND RYAN W. NEAL

KEY POINTS
- Cetera data breach put information for about 2,000 clients at risk.
- The firm is offering two years of identity theft protection and credit monitoring services.

CETERA FINANCIAL GROUP is the latest in a growing number of financial advice firms to be hit with a data breach, putting information for about 2,000 clients at risk.

The firm confirmed the number of clients, whose information was potentially compromised more than two months ago.

"On March 27, Cetera discovered that an unauthorized individual gained access to the email accounts of two Cetera employees, which contained some personal information," wrote company spokeswoman Adriana Senior in an email to *InvestmentNews*. "Cetera takes these incidents very seriously, and took immediate action to secure the information and accurately assess the full impact, including an extensive data assessment process."

The firm did not provide any other information about the data breach.

IDENTITY THEFT PROTECTION

A network of six broker-dealers that house close to 8,000 financial advisers and registered reps, Cetera is offering clients who might be affected a complimentary, two-year membership to an identity theft protection and credit monitoring service.

In an email from Cetera Financial Specialists to financial advisers, the company noted that "your clients' information continues to be of paramount importance to all of us at Cetera Financial Specialists.

"Although we have no evidence to suggest your clients' personal information has been misused, as a precaution we are notifying you and your clients about the incident," stated the email, which did not have a date on it.

VOYA, BLACKROCK, REDTAIL

It has become increasingly common for financial advice companies and firms across the financial services industry to fall prey to breakdowns in computer security that wind up revealing personal information about clients or advisers.

For example, in February Voya Financial Advisors Inc. told its brokers and financial advisers that a glitch on a biography webpage for its brokers put their Social Security numbers at risk of exposure.

BlackRock Inc. made headlines in January when it was revealed that the company accidentally exposed confidential information involving about 20,000 financial advisers.

And last month, *InvestmentNews* reported that Redtail Technology may have exposed personal client information — including names, addresses, dates of birth and Social Security numbers — that financial advisers store on Redtail's client relationship management software due to a data breach.

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Uber sets sights on fintech

Still not worried about mainstream technology companies moving into the financial services world? Well, a new challenger has entered the arena.

According to a CNBC report, Uber is planning a new outpost in New York to tap into the city's talent pool and build an ecosystem of financial products. According to a LinkedIn posting for a new engineering manager, Uber is looking at both digital payments and helping its network of independent contractors manage money.


RYAN W. NEAL

ONTECHNOLOGY

The former makes a lot of sense. With 93 million active users around the world, Uber already has extensive integrations with most banks and credit cards. The ride-sharing app also offers its own digital wallet, Uber Cash.

GIG ECONOMY

It's that second directive that should stand out to advisers. The so-called "gig economy" is a growing phenomenon in the U.S. that shows no signs of slowing, especially among millennials. An EY Contingent Workforce Study estimates that an average of one in five U.S. workers will be part of the gig economy by 2020, with the portion rising as high as 40% of the workforce if you include part-time workers.

Except for Ladenburg Thalmann, which offers its advisers software to automate taxes for gig economy workers, few traditional financial institutions have done much more than talk about the gig economy. If these workers want to save for retirement or grow wealth, they aren't going to get help from Wall Street.

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Broker use of title 'adviser' limited

BY MARK SCHOEFF JR.

BROKERS WHO ARE only brokers will have to be less cavalier in describing themselves as financial advisers, thanks to an advice reform package approved earlier this month by the Securities and Exchange Commission.

Under Regulation Best Interest, brokers who are not dually registered as investment advisers cannot use the term "adviser" or "advisor" in their title. In the original proposal, restricting title use was in a separate rule.

The prohibition is now part of the disclosure obligation of Reg BI, which requires brokers to reveal to customers all material facts relating to the scope and terms of the relationship, including the capacity in which they're acting: as a broker or an adviser.

"We believe that in most cases, broker-dealers and their financial professionals cannot comply with the capacity disclosure requirement by disclosing that they are a broker-dealer while calling themselves an "adviser" or "advisor," Reg BI states on page 156. The title reform discussion runs from page 149 through 163.

KEY POINTS

- Under Reg BI, brokers who are not dually registered cannot use the term "adviser" or "advisor"
- Finra will review its rules for broker marketing communications.

AVOID REGISTRATION

Brokers increasingly are marketing themselves as financial advisers who can help customers with a range of wealth management needs beyond securities transactions. But they have avoided registering as investment advisers unless they put their clients into advisory accounts.

Reg BI states that the Financial Industry Regulatory Authority Inc. will review its rules for broker marketing communications in light of the rule.

Reg BI could force a major mindset change by brokers and registered representatives, according to Lawrence Stadulis, partner at Stradley Ronon Stevens & Young.

"Folks who are only authorized to sell securities as a broker can't use the term adviser because they would violate [Reg BI]," Mr. Stadulis said.

But James Allen, head of capital markets policy Americas for the CFA Institute, said Reg BI allows brokers to wiggle out of the title strictures and claim they are advisers. The organization filed a comment letter last year advocating for tougher title reform.

"We're certainly disappointed," Mr. Allen said.

The rule "once again puts significant onus on enforcement and interpretation," he said. "There seems to be a rebuttable presumption [that a broker is not an adviser]. We wanted it to be clear: You're either an investment adviser registered as an investment adviser or you're a broker and call yourself a broker."

DUALLY REGISTERED

Reg BI allows brokers who are dually registered as advisers to continue to use the adviser title.

"We believe it would be consistent for dual-registrants and dually registered financial professionals to use these terms as they would be accurately describing their registration status as an investment adviser," Reg BI states in a footnote on page 158.

A registered representative of a dually registered broker-dealer who is not also "a supervised person of an investment adviser" would be prohibited from using the title "adviser."

Of the 630,132 registered representatives in 2017, 286,799 were dually registered, according to Finra. Under Reg BI, brokers and advisers would continue to be regulated separately. Reg BI requires brokers not to put their interests ahead of their customers' interests. Investment advisers would continue to adhere to a fiduciary duty in client relationships.

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Reform won't stop RIA advances: Tibergien

BY MARK SCHOEFF JR.

GROWTH IN THE investment advisory sector will continue at a rapid pace despite the Securities and Exchange Commission's regulatory changes that are supposed to close the gap in the standard of care between investment advisers and brokers, according to the head of Pershing's custodial unit.

About $665 billion out of approximately $1.8 trillion in assets, or roughly 33%, on the custodian's platform are managed by registered investment advisers, up from about 5% of $1 trillion of total assets in 2010. Mark Tibergien, CEO of Pershing Advisor Solutions, foresees adviser assets

CONTINUED ON PAGE 30

MARK TIBERGIEN

Firms face heavy lift to comply with Reg BI by next year

BY MARK SCHOEFF JR.

THE CLOCK IS ticking for brokers-dealers to modify their operations to comply with advice reform regulations approved earlier this month by the Securities and Exchange Commission.

The implementation deadline is June 30, 2020. But those 12 months could fly by for firms as they put in place policies and procedures required by Regulation Best Interest, a measure designed to raise the broker standard of care from suitability.

They will have to examine sales practices, financial incentives and material conflicts of interest while writing new policies and procedures and drafting new disclosures, according to Daren Domina, partner at Haynes and Boone.

"While a year sounds like a long time, firms, especially larger ones, will have to get started on this process relatively quickly," he said.

His reasoning was that Reg BI applies on a transaction-by-transaction basis, and large firms sell many investment products. They will have to come up with systems for disclosing and mitigating conflicts related to those sales.

The burden could be bigger for smaller independent broker-dealers, who lack the compliance resources of their larger brethren, said Fred Reish, partner at Drinker Bid-

CONTINUED ON PAGE 30

Does the SEC's new interpretation diminish fiduciary?

BY MARK SCHOEFF JR.

ONE OF THE MOST controversial parts of the advice reform package the Securities and Exchange Commission approved earlier this month is its interpretation of the standard of conduct for investment advisers.

But whether the SEC has diminished the fiduciary duty to which advisers must still adhere under the new rules depends on who's doing the interpreting.

Just before he cast the lone vote against the rule package, Democratic SEC commissioner Robert Jackson Jr. said the 41-page interpretation lowers the fiduciary standard advisers must meet.

"The final guidance the majority approves today removes language from last year's proposal stating that the law 'requires an investment adviser to put its client's interests first,'" Mr. Jackson said in his statement. In a fact sheet, he said the guidance instead says an adviser must not "subordinate its clients' interests to its own."

SEC investor advocate Rick Fleming also criticized the adviser standard interpretation.

"In my view, the new fiduciary interpretative release weakens the existing fiduciary standard by suggesting that liability for nearly all conflicts can be avoided through disclosure," Mr. Fleming said in a statement after the vote.

ROBERT JACKSON JR.

VALID CONCERNS

Brian Hamburger, president and chief executive of MarketCounsel, a business and regulatory consulting firm, said critics of the adviser standard interpretation raised valid concerns.

"From what we've seen, it's very clear the SEC has watered down the generally accepted descriptions of an adviser's fiduciary duty," Mr. Hamburger said. "An adviser will not be able to say she legally has to put the client's interest first."

But Karen Barr, president and chief executive of the Investment Adviser Association, said the SEC interpretation won't change how advisers approach working with clients.

Ms. Barr said that over the years the SEC has used interchangeably phrases regarding putting a client's interest first, not putting your own interests ahead of your client's, and not subordinating a client's interest to your own.

"In practice, these three terms

CONTINUED ON PAGE 30

When brokers break away — twice!


BRUCE KELLY
ONADVICE

In 2008, when a group of advisers in charge of $7 billion left Merrill Lynch to set up their own RIA, Luminous Capital Holdings, the financial advice industry was aghast. It was an audacious move, particularly for a team of all-star financial advisers.

How would these advisers set up their firm? Would their clients follow? Could a group of such advisers, known as breakaway brokers in the industry, leaving one of Wall Street's giants really make it on their own? Luminous Capital, led by David Hou and Mark Sear, answered those questions by creating a registered investment adviser that was a resounding success. They timed their move perfectly and left Merrill Lynch in June, three months before the financial crisis hit full stride in September 2008. Four years later, First Republic Bank bought Luminous for reportedly $125 million, a staggering sum for an RIA.

Lured by the potential to increase net income and control their businesses, thousands of advisers have since left Wall Street. How many of those thousands had the success of the Luminous Capital partners in the back of their minds when they made their decision?

Now, Mr. Hou and Mr. Sear, along with former Luminous partners Robert Skinner and Alan Zafran, are at it again. Last month, they broke away from First Republic to create two new RIAs in a move that defies the standard business practices of the financial advice industry. By then their firm had grown to $17 billion in client assets.

SECOND MOVE

That second move by the Luminous Capital partners to break away got the industry's attention. Until now, when a broker left a Wall Street firm to set up an RIA, he only had one chance to sell his practice. Are the Luminous Capital partners about to change industry norms again?

"When they left Merrill Lynch, it was a watershed moment for the industry," said Mindy Diamond, an in-

CONTINUED ON PAGE 29

Galvin seeks comments on Massachusetts fiduciary rule

BY GREG IACURCI

MASSACHUSETTS WILL propose a rule that would require brokers, investment advisers and agents to apply a fiduciary standard of care in interactions with clients, Secretary of the Commonwealth William Galvin announced last Friday.

The Massachusetts Securities Division is soliciting preliminary comments on a rule proposal. The comment period will remain open until 5 p.m. on Friday, July 26.

Mr. Galvin said his agency is proposing a fiduciary standard of care in response to the Securities and Exchange Commission's Regulation Best Interest, the final iteration of which was issued June 5, which he believes didn't go far enough to rein in broker conduct.

SEC 'FAILED'

"We are proposing this standard, because the SEC has failed to provide investors with the protections they need against conflicts of interest in the financial industry, with its recent Regulation Best Interest rule," Mr. Galvin said.

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OPINION

EDITORIAL / LETTERS / OP-ED / GUEST BLOGS

Some plan sponsors may need a nudge about HSA rollovers

THE LINEUP OF WAYS workers can save for retirement has expanded in recent years, with health savings accounts now looked upon as retirement savings vehicles along with 401(k) plans. But a recent survey suggests companies aren't doing a good job when it comes to helping employees roll over their HSA savings when they start a new job, a shortfall that could limit the benefits the accounts provide.

Health savings accounts aren't for everyone. To contribute to an HSA, a worker must be enrolled in a high-deductible health plan. And annual contributions are capped at lower levels than those for 401(k)s. This year, single people can contribute up to $3,500 to an account and someone with family health coverage can put in up to $7,000.

But workers who use an HSA get a triple tax advantage for doing so: Contributions can be made on a pre-tax basis, the interest/gains earned are tax-free, and money can be withdrawn without owing taxes as long as it is spent on qualified medical expenses.

Over time, because of those tax advantages, HSAs have come to be seen as a vehicle for saving for health-care costs in retirement. Advisers encourage clients to try to cover their current medical expenses without tapping their HSAs, so they can let the money in the account accumulate and then use it during retirement, when health-care costs tend to be high.

More and more employees are taking advantage of this opportunity. At the end of 2018, there were 25 million health savings accounts, up 13% from the end of 2017, according to Devenir Research, and those accounts held $53.8 billion in assets, up 19% from the prior year. Devenir expects HSA assets to grow to $75 billion by the end of 2020.

A survey of companies that offer HSAs by the Plan Sponsor Council of America pointed to a potential glitch in the scenario of HSAs as a retirement savings solution, though. Of the 189 companies offering HSAs that participated in the survey, just 19% ask new employees whether they want to roll an HSA from a previous job into the company's plan.

That omission on the part of employers could leave workers with multiple, smaller HSAs scattered at companies where they worked previously, instead of having a single account with their accumulated savings. That in turn could hamper workers' ability to invest their HSA savings.

According to the PSCA survey, while 85.6% of the companies surveyed offer investment options for workers' HSAs, 33% require that workers have a minimum of $1,000 in the account to invest the money, and 43% have a minimum that's higher than $1,000. Multiple smaller accounts are much likelier to be sitting there like a bump on a log or earning paltry yields, rather than growing by being invested in the markets.

There's also the risk that workers will end up forgetting all about small accounts they left behind at previous employers. And HSAs that still reside under the roof of the accountholder's previous employer are much likelier to be eroded by administrative fees. Roughly 60% of the companies that PSCA surveyed said they pay such fees for current employees, but only 5% pay administrative fees for former workers.

> **MULTIPLE ACCOUNTS AT PREVIOUS EMPLOYERS DIMINISH THE FEASIBILITY OF THESE ACCOUNTS.**

Given the many deficiencies in Americans' retirement readiness, the ability to use HSAs as a long-term savings vehicle is a real plus.

To ensure that the accounts function properly, advisers who work with plan sponsors should encourage them to establish procedures around HSA rollovers. They shouldn't just talk to new hires about bringing along their 401(k) assets from the last job; they should help them deal with their HSA savings as well. Advisers should also remind their retail clients not to lose track of HSAs from previous jobs.

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40 UNDER 40

YOUNG PROFESSIONALS LEAD THE WAY

THE 40 PEOPLE PROFILED on the following pages illustrate the talent of young advisers and associated professionals who are strengthening the financial advice industry. Their accomplishments, all achieved before the age of 40, are inspirational and suggest a bright future for this profession.

In addition to their personal accomplishments, the individuals chosen for our 2019 class of 40 Under 40, as with those in our five previous classes, have contributed meaningfully to the advice industry and show exceptional leadership and promise.

Our list this year includes entrepreneurs who have started their own advice firms as well as next-gen talent making their way up the ladder at some of the nation's largest brokerage and planning firms.

Nearly all of our under 40s give generously of themselves, promoting the financial planning profession or providing their service, through nonprofits and other groups, to better the financial health of their communities.

Get energized as you read through these pages, and go to InvestmentNews.com/40 to learn even more about the exceptional individuals of our 2019 class with videos, interactive graphics and more.

— Liz Skinner

Photography by Brad Trend

What better way to really get to know our 40s than interactively online? Go to **InvestmentNews.com/40** to find fun facts, stats, videos and longer profiles of these next-gen leaders.

ANJALI JARIWALA

FOUNDER AND PRINCIPAL, FIT ADVISORS

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ANJALI JARIWALA launched Fit Advisors, a solo practice in Redondo Beach, Calif., nearly four years ago, after working as a CPA in the corporate tax department at a large RIA.

In February, Ms. Jariwala, whose AUM is $25 million, started a podcast called "Money Checkup" that has been downloaded by 1,300 people. She is concerned with racial equality in the advisory profession.

"Retaining diverse advisers requires fostering an environment in which they can succeed," she said. "I know from my own experience that when we leave, it's usually due to frustration at the lack of growth and opportunity."

Ms. Jariwala serves on the National Association of Personal Financial Advisors' diversity and inclusion committee, helping to provide scholarships for people of color to attend the spring and fall conferences.

"Having a diverse staff must be intentional," she said. "It requires time, money, effort and a shift in thinking to reduce implicit bias."

— Juliette Fairley

MARK A. CECCHINI

SENIOR ASSOCIATE, WEALTH MANAGEMENT, ASPIRIANT

MARK CECCHINI started his financial advising journey 10 years ago when he joined the financial planning track as a sophomore in college. After graduation, he spent almost five years working his way up the ranks at a regional registered investment adviser before moving to Aspiriant to broaden his skills working with ultra-high-net-worth clients and to learn more about business development.

Mr. Cecchini has been very active as an emerging leader in the profession, serving as FPA NexGen co-director for both the D.C. and Los Angeles chapters and coordinating study groups, annual retreats and days of service.

There can be a disconnect between younger and older advisers, he said.

"Younger advisers may have expectations that are too high, especially when comparing with friends in other industries. It's a slower burn [in advising]," Mr. Cecchini said. "They are also coming from more of a fee-only versus sales mindset. They're not taught business development or networking."

What do younger advisers need most?

"A framework, a career path," he said. "They want to know: How do I get promoted? Get a raise? How or who do we ask? What are realistic expectations for advancements — five years, 15 years? How do I navigate internal firm dynamics?"

— Deborah Nason

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KATHRYN M. BROWN

FOUNDER AND PRINCIPAL, MORTON BROWN FAMILY WEALTH

KATHRYN BROWN applies a rigorous, data-driven process to financial planning. "We have strong discipline around our calendars so we can reflect and analyze the time we spend in front of clients and prospects," Ms. Brown said.

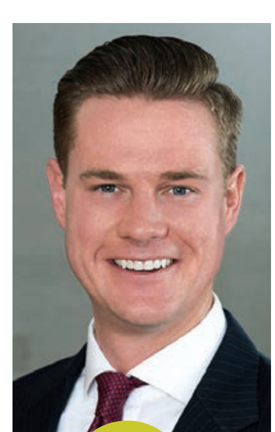
With some $120 million in assets under management since the 2018 inception of Allentown, Pa.-based Morton Brown Family Wealth, she's also a stickler for exploring all facets of a client's wealth, and not just obvious goals such as retirement.

"Some of the softer components, like family communication, are often overlooked," Ms. Brown said.

She's also passionate about changing how advice is delivered. "My conversations are driven by the best path forward for my client, whether it's paying down debt or increasing savings for a goal, rather than advice that's product-driven," Ms. Brown said.

Her charitable efforts include Valley Youth House, which helps children who are aging out of the foster system develop necessary life skills. She's also a Certified Financial Planner Board of Standards mentor, guiding aspiring female CFPs who are overwhelmed by the curriculum and exam.

— Juliette Fairley



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RYAN BROWN

VICE PRESIDENT, GOLDMAN SACHS & CO.

RYAN BROWN is in his 10th year at Goldman Sachs, where he advises ultra-high-net-worth individuals such as founders of multibillion-dollar businesses and professional athletes.

"We have under-40 clients running successful unicorn businesses, and they've found it pretty nice to have an adviser who is a similar age," said Mr. Brown, whose average client account size ranges from $10 million to $60 million.

Because advising, like most sports, requires a team, he equates his work to playing soccer locally in a men's league in Santa Monica.

"There's 11 people on a soccer field working together to achieve an objective," said Mr. Brown, who started playing the sport when he was just 4 years old. "It's no different than Goldman Sachs where, without my colleagues, it would be tough to support and ensure my clients' happiness."

In addition to being a Goldman Sachs partner on the senior team in Los Angeles with more than $2 billion in assets under management, Mr. Brown acts as a mentor through the U.S. Soccer Foundation.

"It's wonderful to see children who are underserved using sports as an educational tool for life," he said.

— Juliette Fairley

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LISA CRAFFORD

VICE PRESIDENT, RELATIONSHIP MANAGEMENT, BNY MELLON PERSHING

LISA CRAFFORD gained valuable insights into careers when she worked for nearly three years as a recruiter at Robert Half International. Since 2015, she's been sharing those insights with clients of BNY Mellon Pershing's Advisor Solutions. She has conducted 55 client engagements, consulting on issues such as developing a competitive business strategy and doing acquisitions.

Ms. Crafford, who founded PershingNEXT, an MBA-style development program for millennials and Gen Xers, tries to ask probing questions, such as whether someone wants to become a full-time CEO eventually or to advance at the adviser level.

"That dialogue helps determine what their trajectory should be," she said.

She travels 35 times a year from her Orlando, Fla., home to advance the advisory profession. Her trips include an annual consultation with students at Utah Valley University about interviewing style, salary negotiations and career management.

"Ten years ago, students didn't graduate from financial planning programs with a career in back-office operations in mind, but for some, their personality and skill sets are well-aligned for a role in operations," said Ms. Crafford, who launched Pershing's college student program to help undergraduates navigate the advisory profession. "Working on the operations side of the industry is going to be more interesting and challenging as firms grow bigger and more complex."

— Juliette Fairley

DANIEL ROBERT CATONE

FOUNDER AND CEO, GOLDEN STATE WEALTH MANAGEMENT

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AFTER WORKING with lawyers at the office of the United Nations High Commissioner for Refugees in Switzerland and at a law firm, Daniel Catone became a solo adviser. By 2005, he had launched Redwood Investments, a private wealth management company.

Mr. Catone subsequently pioneered a firm, Golden State Wealth Management, whose structure is based on a model he'd seen attorneys use: Advisers own their practice and book of business, as well as a share of the overarching registered investment adviser.

"It's equal to their assets under management participation," Mr. Catone said. "We don't dilute value by adding more advisers."

Since then, Mr. Catone has created two more RIAs, and his enterprise now manages more than $1.5 billion.

In his free time, he works pro bono for Catholic entities. And this year, he is graduating from the Augustine Institute with a master's degree in theology.

Mr. Catone focuses on his clients' values.

"I coordinate a client's investment management so that it achieves those values first and foremost," he said.

— Juliette Fairley

40 UNDER 40

29

SIDNEY R. DIVINE

FOUNDER, DIVINE WEALTH STRATEGIES

"MY GOAL is to leave you better than I found you," Sidney Divine said.

Mr. Divine was born into a privileged life in Liberia, where his father owned a bank. But his family fled the country in 2001 in the wake of a civil war.

In the United States, his entrepreneur father worked day and night to launch a new and ultimately successful business in a different industry.

Similar to his father, Mr. Divine embraces opportunities with fervor. He found quick success at his previous corporate finance job. And he has fearless cold-calling abilities, which he has even used to reach out to successful advisers to see what he could learn from them.

On one of these calls, he heard about the George Kinder concept of life planning, which Mr. Divine calls "the biggest 'aha' moment of my career." He went on to earn the registered life planner designation and has become a national speaker on the discipline.

It has had a great impact on his life, which he imparts to his clients.

"Now I'm super chill. It's not about the day-to-day grind," Mr. Divine said. "You have to stop and smell the roses and be more balanced."

— Deborah Nason

MATT COSGRIFF

WEALTH MANAGEMENT GROUP LEADER, BERGANKDV WEALTH MANAGEMENT

THROUGH HARD work and the power of the pen, Matt Cosgriff is creating a ripple effect at his firm and in the industry. As leader of the wealth management division of BerganKDV, he oversees a team of 25.

"I get a lot of energy around leading a team," Mr. Cosgriff said. "It can multiply your impact."

He has also been increasing his impact by implementing and sharing new ideas. When he joined the firm five years ago, he was invited to build and launch an internal practice to serve Gen X and Gen Y clients, in addition to working on retirement plans.

Mr. Cosgriff, who aspires to be an industry thought leader, has shared his experiences as an "intrapreneur" by blogging, podcasting for the XY Planning Network and speaking at national and regional conferences. He discusses issues such as branding, service models, the cost of client acquisition and the need for a long-term internal commitment.

"There's been a lot of industry conversation regarding next-gen advisers serving next-gen clients," he said. "What's less discussed is how larger organizations do that."

"It's only getting harder to recruit," Mr. Cosgriff said, "and you have to have a pretty compelling [offering] to keep young talent."

— Deborah Nason

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KENDRA ERKAMAA

PRESIDENT AND PRINCIPAL FINANCIAL ADVISER, TRIANGLE FINANCIAL SERVICES

IT'S NO WONDER Kendra Erkamaa became a financial adviser: When she was a child, she witnessed adults struggling financially.

"I want to empower others so that they financially grow," said Ms. Erkamaa, who purchased Triangle Financial Services in Des Moines, Iowa, in 2007, after having joined the firm just two years earlier. Since then, she has increased the firm's assets under management to $100 million.

As a certified divorce financial analyst, she often works with lawyers.

"Divorce can be collaborative rather than confrontational in nature," said Ms. Erkamaa, who serves on the Grievance Commission of the Iowa Supreme Court, reviewing complaints against attorneys. "I like to know lawyers are upholding ethical standards."

Among her many charitable pursuits is budget counseling for women at the nonprofit Beacon of Life shelter.

"Financially, we all want the same things," she said. "They may manifest differently, but it all ties into our humanity."

— Juliette Fairley

VALERIE GALINSKAYA

MANAGING DIRECTOR, MERRILL LYNCH, BANK OF AMERICA

VALERIE GALINSKAYA said she found her calling 10 years ago when she heard a panel of wealthy clients respond to the question, "What keeps you up at night?"

Ms. Galinskaya, 33, said everyone on the panel gave a variation of the same answer: "The impact of wealth on my family and community."

As managing director of Merrill Lynch's Center for Family Wealth Dynamics and Governance, Ms. Galinskaya is dedicated to identifying and addressing the intergenerational challenges faced by wealthy families. Significant wealth brings significant complexity, she said, which in turn can cause family stress. The center conducts research, facilitates family meetings and communication, and provides financial education.

Ms. Galinskaya's goals include bringing financial literacy and a sense of empowerment to the next generation and identifying best practices to help clients understand the challenges of sustaining unity as a family. Parents need to translate their values and how they apply to areas like philanthropic, financial and estate planning.

"Defining the purpose of success and then communicating that with the family are critical to making effective decisions," she said.

— Deborah Nason

33

ADAM GLASSBERG

FINANCIAL ADVISER, SAVANT CAPITAL MANAGEMENT

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INSPIRED BY a financial planning class in college, Adam Glassberg entered the industry after graduation and is now an adviser with Savant Capital Management.

He also served as the first chairman of the Financial Planning Association's Chicago chapter NexGen community and took on an industry challenge — the lack of a well-defined or appropriate career path for new graduates.

"For a lot of companies, the training program is backward, because the first thing they teach new recruits is to sell, and the education component comes second," he said.

To address this, Mr. Glassberg formalized a multiyear career development program within his firm, consisting of four parts:

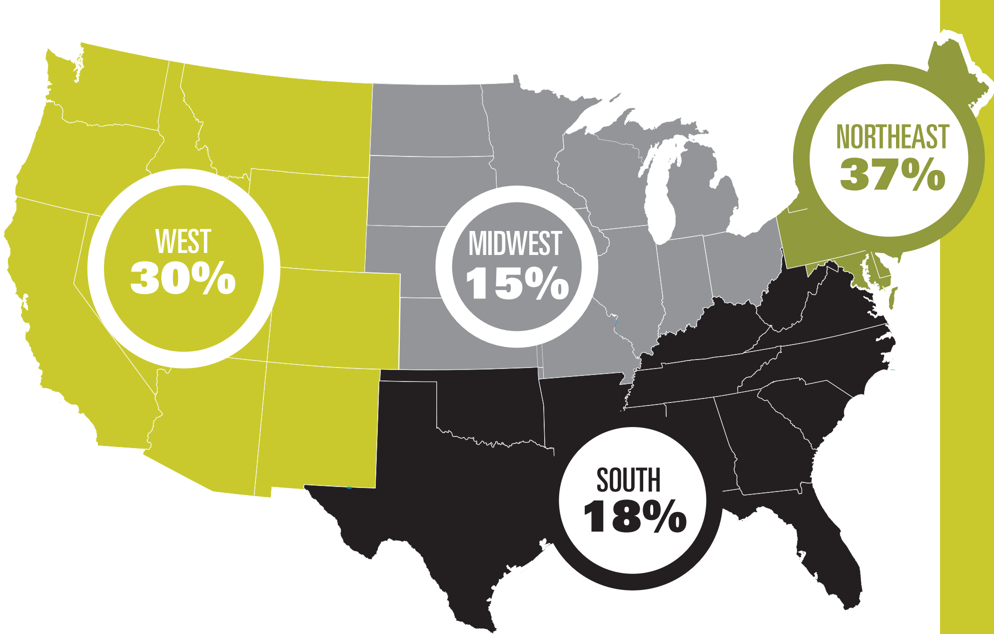
- Stage 1 (two to three years): training in financial planning and related software, obtaining the CFP certification, learning how to interact with clients.
- Stage 2 (about three years): reviewing financial plans for errors and enhancements, becoming a lead adviser, working with colleagues, choosing a specialty.
- Stage 3 (two to three years): servicing clients, learning sales and business development techniques to build a book of business, developing a niche or skill set (Mr. Glassberg's niche is young medical professionals).
- Stage 4: participating in equity ownership as a key decision-maker for firm-wide objectives.

"Going through it myself, I was equipped with the knowledge and the confidence to serve clients," he said.

— Deborah Nason

SPANNING THE NATION

WHERE OUR 40s HAIL FROM



32

ANDERS JONES

CEO, FACET WEALTH

COMING OUT of college in 2009 right after the financial crisis had hit, Anders Jones faced a difficult job market. So he joined a start-up, LiveRamp, which was sold for $310 million in 2014. That led him to invest in and manage other start-ups in a number of industries.

In 2016, he and others founded an RIA, Facet Wealth, with $33 million of start-up capital.

What led him to financial services?

"We said, 'Let's find a substantial industry going through a big change where we can build a long-term business,'" Mr. Jones said. "We took notice of robo [start-up funding] raises and when we dug into it we learned about a massively underserved population — the mass affluent market."

Facet Wealth employs nine full-time CFPs who work remotely with clients (currently about 500). The service is financial planning-based but investment management is also available, and is supported by monthly subscription fees starting at $40 a month and continuing upward for clients with more complex needs.

"We actually turn away high-net-worth clients. We're not competing with anyone in the industry," Mr. Jones said. "It's the most exciting thing I've ever worked on."

— Deborah Nason

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CHARLOTTE C. GELETKA

MANAGING PARTNER, SILVER PENNY FINANCIAL PLANNING

WHEN CHARLOTTE Geletka started her career, the managing partner of Silver Penny Financial Planning in Atlanta wore masculine gray and black suits.

"I wanted to look like my male colleagues because I am so different," she said. "I was young, blonde and female in the South."

Now a few years older, Ms. Geletka confidently wears pink when attending advisory meetings even though the other particpants are predominantly successful male financial advisers.

"I bought my father's practice in 2016 and it was a definitive moment," she said. "I had 12 years of success behind me. I decided to no longer try to be like everyone else."

"I weathered a pretty tough storm," she said of rebranding her father's advisory business.

Last year, Ms. Geletka was one of the winners in the Circle of Excellence for Women in Financial Services contest sponsored by Women in Insurance & Financial Services.

— Juliette Fairley

27

MATT HAGHIGHI

FOUNDER, FINOVO AND MASONPAY

MATT HAGHIGHI never thought he would use his web development expertise again even though the skill set helped pay his expenses at the University of California, Irvine.

But after graduating with a double major in business economics and political science, becoming an adviser and launching a financial advisory firm catering to millennials in 2014, Betterment Institutional's Steve Lockshin made Mr. Haghighi an offer he couldn't refuse.

"I lead the digital strategy team in building out tools and technology for advisers," Mr. Haghighi said.

By 2017, the hiking enthusiast had founded Finovo, a technology marketing company that assists large RIAs to position, market and brand themselves for next-generation clients. "We also step in and advise firms when we detect inefficiencies in their technology," he said.

Concurrently, the 27-year-old embraced his inner underdog and launched MasonPay, a fintech app that is so far helping 3,000 users pay off some $40 million in debt with a monthly plan that works within their budget while minimizing interest paid.

"We plan to introduce automated payments and the ability to help users who have successfully paid off their high-interest debt begin saving and investing," he said.

— Juliette Fairley

ALISE C. KRAUS

CLIENT ADVISER AND BRANCH MANAGER, MERCER ADVISORS

34

WITHIN 18 MONTHS of becoming a CFP and joining Mercer Advisors in 2015, Alise Kraus was onboarding an average of eight new clients every 30 days.

"I drove 2,200 miles a month," she said. "I worked 65 hours a week and spoke at seminars with my colleagues."

When she is not meeting with clients throughout northern California, Nevada and Oregon, she's giving back at her firm in a program launched to attract and retain top female adviser talent.

"Focusing on behavioral coaching and family relationships is making a difference," she said.

Ms. Kraus, who is the branch manager at Mercer's Walnut Creek, Calif., office, has taught financial literacy to the incarcerated at correctional facilities, and serves on the board of the FPA in California, discussing policy making with lawmakers that will benefit the elderly.

"We arrange things so that our aging clients have independence but also protection by simplifying, consolidating and educating," she said. "We gather a sense of the family relationships before the parent is unable to make their own decisions."

— Juliette Fairley

34

BARBARA GINTY

PRESIDENT, INDEPENDENT FINANCIAL SERVICES

WHILE WORKING at Credit Suisse as an equity derivatives broker, Barbara Ginty found herself helping friends and family members on the side with their finances.

So, she left Wall Street, became a CFP and bought her family's advisory practice in 2013. Her firm, Independent Financial Services of Kingston, N.Y., is affiliated with LPL Financial.

Ms. Ginty sits on the LPL Advisor Council, making suggestions to executives about programming, communications, corporate strategy, products and services.

She teaches personal finance classes in the continuing education department of the State University of New York, Ulster.

"I donate the earnings I receive ... to the college," said Ms. Ginty, who also teaches pro bono classes on employee benefits to the staff of the local school district, and county and state workers.

Ms. Ginty teaches financial literacy subjects through her educational arm, Planancial Inc., with a weekly podcast called #Future Rich that gets 2,000 plays a month. She informs millennial women on earnings, debt, saving and how to achieve their financial goals.

"There's not a lot of women advisers, so targeting and guiding them in a safe and non-judgmental space can improve their finances," she said.

— Juliette Fairley

SCOTT R. FRANK

FOUNDER, STONE STEPS FINANCIAL

39

WHEN SCOTT FRANK hung out his shingle four years ago, he joined the XY Planning Network to gain assistance in areas such as compliance and technology. He was so impressed and appreciative of their help that he volunteered at the fledgling network, working to establish partnerships with eMoney Advisor, Dimensional Fund Advisors and the Kinder Institute of Life Planning.

Mr. Frank said the No. 1 priority in preparing for the future of the industry should be creating an apprenticeship-type program for new financial planners.

"Kids come out with general knowledge but don't have soft skills and communication skills," he said. "There's a gap that needs to be filled. For example, we could do something similar to a medical residency."

Mr. Frank's approach is to pay it forward to the industry; he also serves on NAPFA's leadership development committee.

"It's ingrained in us as planners to help others out," he said.

— Deborah Nason

FAVORITE SOCIAL MEDIA

INSTAGRAM: **12%**

TWITTER: **9%**

FACEBOOK: **9%**

LINKEDIN: **8%**

BENJAMIN FRANKLIN CUMMINGS

ASSOCIATE PROFESSOR OF BEHAVIORAL FINANCE, THE AMERICAN COLLEGE OF FINANCIAL SERVICES, AND PARTNER, BLUE BARN WEALTH

36

AS AN UNDERGRADUATE, Benjamin Franklin Cummings tried engineering and then psychology as he searched for a career path that felt right. A chance meeting with a financial adviser helped him identify the way to go.

"Financial advising combines analytical skills and social involvement," Mr. Cummings said.

After college, his plan to get a master's in financial planning in order to practice turned into a Ph.D. that led to a career in academia. Accepting a virtual position with The American College in 2016 enabled him to take on hands-on work as well. He joined Blue Barn in 2017.

"I love the combination of the two jobs. It gives me credibility in the classroom by giving real-life context, and the classroom experience helps me better educate my clients," said Mr. Cummings, who is also the editor of the Journal of Personal Finance.

He is gratified that behavioral finance is playing a larger role in the industry.

"In professional education, a lot of the teaching is on strategies," he said. "But there's a growing focus on helping people achieve their goals. We need to ask them, 'What's going to help you have a more meaningful life?'"

— Deborah Nason

JEFFREY J. KRAUSE

FIRST VICE PRESIDENT, FINANCIAL ADVISER, MORGAN STANLEY

JEFF KRAUSE has an interesting way of teaching financial literacy. For the past seven years, the Morgan Stanley adviser has taught more than 1,000 couples the virtues of sound personal finance as part of a marriage preparation course.

Mr. Krause covers topics such as budgeting, creating a net worth statement, financial decision-making, and how to pick a financial adviser in the course, which is run by the Catholic Archdiocese in Milwaukee.

What's the impact of these presentations?

"If you can send that many people off in the right direction ... think about the positive effect not only on their lives, but also on their loved ones," Mr. Krause said. "It will help each person be a better parent, a better kid. They feel more secure."

"We're on the forefront of what it means to be an adviser. We want to add as much value as we possibly can – to be a resource you can tap into for anything in your life," said Mr. Krause.

— Deborah Nason

34

PHUONG LUONG

FOUNDER AND FINANCIAL PLANNER, JUST WEALTH

33

PHUONG LUONG, the daughter of Vietnamese immigrants, has dedicated herself to disseminating the idea of culturally proficient financial services — those that incorporate, for example, education about structural poverty issues that impede wealth creation.

"I want to help financial planners feel more fluent and comfortable talking about financial history in relation to our work," said Ms. Luong, 33, founder of Just Wealth.

For example, she wants advisers to be aware of the generational impact on people of color, of barriers such as discriminatory mortgage lending practices and the systemic tax advantages that have helped white homeowners retain wealth. Sharing and acknowledging this history will help alleviate the shame that people with lower wealth sometimes feel, Ms. Luong said.

A former teacher, she serves on the CFP Board's Diversity and Inclusion Advisory Council, and is vice chair of the board's Council on Education, assisting in the development of educational standards and certification requirements for all CFP professionals.

She is also interested in socially responsible investing and racial justice investing.

"I want to look at, how do we align our investments to help close racial and gender wealth divides?" Ms. Luong said.

— Deborah Nason

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C.J. HARRISON

VICE PRESIDENT, DECISIONPOINT FINANCIAL

GROWING UP around firefighters, C.J. Harrison saw many instances where the first responders were financially unprepared for potentially disabling on-the-job injuries or unanticipated medical retirements.

"There was no defined path to what was next," said the vice president of DecisionPoint Financial. "You think it will never happen to you."

Since 2015, he's been helping firefighter families protect their assets and plan for the unexpected with a practice model that provides them unlimited, in-person access to financial planning as a benefit of their participation in their fire district retirement plan, regardless of account size. Focusing only on a certain region of Washington state, Mr. Harrison and his team manage the 457(b) retirement accounts of 10 fire districts, and they are adding more.

They literally do house calls, providing financial planning that includes data-gathering and a one-page scorecard with recommended short-term action items. The emphasis is on "super high-touch, high-service," Mr. Harrison said.

Revenue is based on fees from managing retirement plans collectively, and represents about a third of the practice.

"We've got economies of scale, but we're very specific who we work with," Mr. Harrison said. "It's one of the small ways we can serve our communities' heroes."

— Deborah Nason

CHLOE MCKENZIE

CEO, BLACKFEM AND ON A WEALTH KICK

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WHILE CHLOE MCKENZIE worked on Wall Street as a securitized products trader at JPMorgan, helping high-net-worth clients gain more wealth, she spent the weekends volunteering as a financial counselor at a nearby homeless shelter. After that experience, she took her career as a registered investment adviser in an entirely new direction.

"Wealth managers and financial advisers are the most equipped individuals to close the wealth gap," she said. "We are able to teach people who lack knowledge."

In 2015, Ms. McKenzie founded the nonprofit BlackFem to introduce financial literacy to some of the most disadvantaged school districts nationwide.

"I want to transform learning, with a particular focus on women and girls of color since they are the most disadvantaged group from an economic and wealth perspective," she said.

Ms. McKenzie subsequently launched the advisory practice On a Wealth Kick, through which she also consults with banks and financial institutions interested in financial inclusion as a way to end wealth inequality and poverty.

"Advisers can be the change agent for the type of systemic shift that we all hopefully want for our country and our world," she said.

— Juliette Fairley

TOM LOVE

SENIOR VICE PRESIDENT AND PARTNER, THE MAIN STREET GROUP

35

"I'M NOT AFRAID to 'go there' and have the types of conversations that other people aren't comfortable having," said Tom Love, senior vice president with The Main Street Group and a Dave Ramsey SmartVestor Pro.

Drawing from his personal experience with depression and loss, he connects with clients on an emotional level. As one who specializes in working with people getting ready to retire or already there, Mr. Love is aware of the sometimes higher rates of depression in retired people, and includes the topic of mental health in client discussions.

"Depression is a tricky thing," he said. "It plays tricks on your relationships; physical, mental and spiritual health; and on your work or education."

Not only has he been extremely successful, bringing more than 100 families into the practice over the past two years, but Mr. Love is a tireless volunteer for his community. He teaches financial literacy to high school students, among several other volunteer efforts.

— Deborah Nason

ASHLEY OTT

PARTNER, VANTAGE POINT FINANCIAL

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WHAT STARTED as a summer job at Vantage Point Financial for Ashley Ott eventually lead to a financial advising career.

"There's quite a bit of psychology when it comes to working with clients," said Ms. Ott, who graduated from Harvard University with a psychology degree in 2011. "Money is an extremely emotional topic."

Some seven years later, Ms. Ott is still working with the firm's founder David Griswold in Boston and has helped triple AUM to $85 million. She was named a partner in 2017.

"David and I are not sole practitioners," Ms. Ott said. "We have a single book. Everything is run through the company and gets paid out by ownership."

When she is not prospecting for new clients on frequent flights to and from Seattle, where her husband, Tyler, plays for the Seahawks, Ms. Ott lectures other advisers about the "path to partnership."

"If the senior adviser expects double what you project, a partnership may not happen," she said. "Make sure your goals align."

On Saturday mornings, Ms. Ott helps train students for the Providence Marathon with the nonprofit Dreamfar. And the help she offers isn't just about running.

"We discuss high school challenges, mentor them about applying to colleges and guide them through difficult adolescent decisions."

— Juliette Fairley

40 UNDER 40

JASON MOORE

WEALTH ADVISER, RIEGEL FINANCIAL

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JASON MOORE joined Riegel Financial in 2016 as one of three partners sharing in revenue.

"I merged with the accounting and investment management practice to create a team," Mr. Moore said.

Since then firm revenue has reportedly seen healthy growth — up 36.3% in 2017 and 32% last year.

In addition to bringing financial planning services to the Dayton, Ohio firm, he is charged with building and incorporating a successful service model that caters to aging clients' adult children poised to gain from generational wealth transfer.

"If you wait for these younger people to actually inherit wealth, you're going to be too late," he said.

Mr. Moore is building relationships with heirs and beneficiaries by inviting them to events and creating financial plans for them now.

His commitment to the next generation extends to volunteer work with several organizations. With the Securities Industry and Financial Markets Association Foundation's Invest It Forward, Mr. Moore speaks to students from second grade to high school.

"What's emerged is getting more involved in the community and gaining visibility for the firm," Mr. Moore said.

— Juliette Fairley

NINA STAPLES LLOYD

CEO AND PRESIDENT, OPUS FINANCIAL ADVISORS

39

NINA STAPLES LLOYD, recently appointed CEO and president of her father's Opus Financial Advisors in Chapel Hill, N.C., believes investing is an art, not a science.

A certified financial planner and chartered retirement planning counselor, Ms. Lloyd has grown assets under management by $70 million in the last five years. She creates a custom investment policy statement for each family she advises.

"The document creates guardrails with parameters," she said.

Ms. Lloyd is also an advocate for yearly family meetings to facilitate the amicable distribution of assets for aging clients.

"We not only talk about money," she said. "We discuss advance medical directives, because end-of-life care creates family division as much as money does," she said.

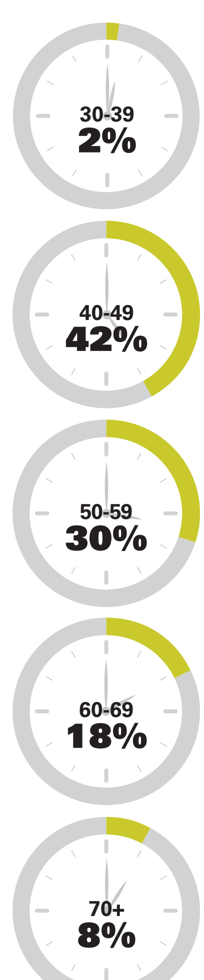
Donating a column that's published in local newspapers, such as the Statesville Record & Landmark, furthers her financial literacy goals.

"I try to write about financial topics in an entertaining way that keeps readers engaged and makes them eager to read and learn more," Ms. Lloyd said.

She volunteers with several organizations, including PEO International, which supports women's education internationally.

— Juliette Fairley

HOURS WORKED PER WEEK



MAX MINTZ

PARTNER AND FINANCIAL ADVISER, COMMON INTERESTS

31

AS SUSTAINABLE investing gains momentum among advisers' clients, Max Mintz is increasingly involved.

"We engage in client-driven advocacy so that when they come to us with sustainability issues, we can be champions for them," said Mr. Mintz, partner and CIO at Common Interests, a hybrid firm in Metuchen, N.J.

He offers his advisory firm's services to those with low assets on an hourly basis, depending on income, while high-net-worth clients are charged based on assets under management.

"Our mission is to democratize impact investing," Mr. Mintz said.

Common Interests was certified as a B-Corp, after nonprofit B-Lab's free assessment, which certifies the impact that companies have on their workers, customers, suppliers, the community and the environment.

"Our company operates at the same high standards we hold our investments to," Mr. Mintz said.

That standard includes operating the office on wind power and offering free financial planning to federal employees who were without pay when the government shut down earlier this year.

"It's the least the firm can do, because federal government employees should not bear the brunt of political brinkmanship," Mr. Mintz said.

— Juliette Fairley

40 UNDER 40

BRANDT KUHN

MANAGING DIRECTOR AND PARTNER, BEACON POINTE WEALTH ADVISORS

33

BRANDT KUHN combined modern and old-fashioned skills to make his mark in the Palm Springs, Calif.,-area. The region has been growing rapidly, he said, attracting both older vacation-home owners and young families.

His recipe for building up his business over the past 10 years?

"Developing my tech knowledge and shaking hands and kissing babies," said Mr. Kuhn, 33, managing director and partner with Beacon Pointe Wealth Advisors. "During the big social season of November through April, I make sure I'm at everything."

He's also very involved with the community, serving on the executive board of the Palm Desert Chamber of Commerce and helping to raise funds for the local recreation district. He also recruits younger people to nonprofit boards.

Now a seasoned professional and networker, Mr. Kuhn shared some lessons learned:

- Stay consistent with the message you put out in the marketplace.
- Focus on the positive, especially through challenging times.
- Don't rely on just one mentor; seek out many role models.

"Always talk to successful business people, even outside the industry," he said. "You can take a nugget of knowledge from each successful person you interact with."

— Deborah Nason

35

JULIA WISS

FOUNDING PARTNER AND FINANCIAL ADVISER, LUMEN WEALTH GROUP

WHEN JULIA WISS was forced to choose between management and being an adviser while working at Waddell & Reed, she chose the leadership track.

"I was overseeing about 25 advisers, doing advice, development and recruiting as well as growing the branch," Ms. Wiss said.

The move prepared her to form a Raymond James independent team with two colleagues called Lumen Wealth Group in 2017, which manages $100 million in assets.

Along her career path, she secured a Series 24 license and served as president of the Los Angeles chapter of the Financial Planning Association, where she initiated unique networking events for women advisers, such as group manicures.

"Fun activities allow you to know each other on a personal level," she said. "Networking shouldn't be just happy hour."

She is currently chairwoman of the board for the chapter.

— Juliette Fairley

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C. REED NATALI

FINANCIAL ADVISER, SHOREBRIDGE WEALTH MANAGEMENT

C. REED NATALI has undertaken the study of benevolence by becoming a chartered adviser in philanthropy.

"Philanthropy is important to [my clients] and they appreciate that it's also important to me," said Mr. Natali, who also is a certified financial planner and chartered financial analyst. He is involved in strategy and marketing, and is being promoted to partner this year.

"I do grassroots events and I am always out networking," he said.

He also participates in group philanthropic efforts with Pittsburgh charities.

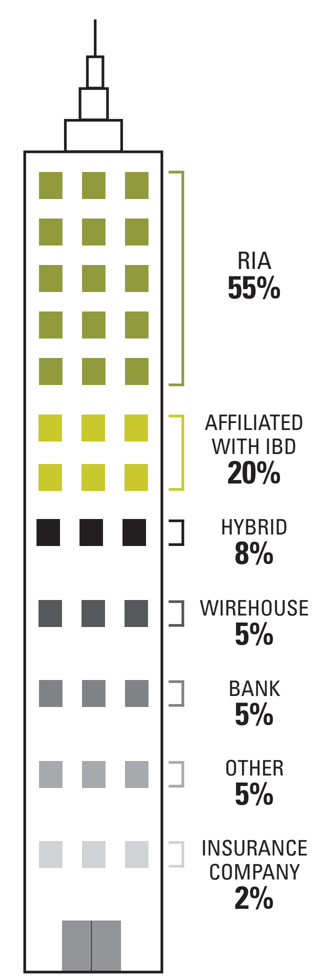
"Volunteering translates into better conversations with my clients or prospects," Mr. Natali said. "There's also the practical aspect of philanthropy, such as the tax implications of various gift types."

On the Financial Literacy Outreach Committee of the CFA Society's Pittsburgh Chapter, Mr. Natali spearheads eight to 10 presentations a year to high school students.

"The earlier you build good financial habits, the better, but I've always felt it's a subject not taught enough in schools," he said.

— Juliette Fairley

WHERE THE 40s WORK



33

AARON SCHABEN

EXECUTIVE VICE PRESIDENT AND MANAGING PARTNER, CARSON GROUP

"EXPERIENCE MATTERS, but it's not always tied to the age of the individual," said Aaron Schaben, executive vice president and managing partner at Carson Wealth Management Group. "We value diverse people and thoughts. And diversity can be race, sex, gender, age or upbringing."

This expanded view of diversity has served Mr. Schaben well. He joined Carson as an adviser soon after college, then left for a brief stint with a family business. He eventually returned to the firm as managing director of strategic opportunities, and in this capacity he launched Carson Partners. He's grown the subsidiary, which provides partnership services to advice firms, from one to more than 90 partners.

In 2018, he was promoted to managing partner and heir apparent to founder Ron Carson.

Mr. Schaben has helped other young colleagues establish a career path. "They say, 'I want to be in leadership,' but what they really mean is they want to have influence — that's how you can add value," he said.

— Deborah Nason

35

SAHIL VAKIL

FOUNDER AND CEO, MYRA WEALTH

BEING FLEXIBLE led Sahil Vakil, founder of MYRA Wealth, from aerospace engineering to financial advising for immigrants.

While finishing up a master's degree in electrical engineering, he audited an MBA finance class for personal interest and to expand his job prospects in a tight job market. It was a good idea, as it helped him land an aerospace consulting position with Ernst & Young in 2008.

As the economic meltdown proceeded, Mr. Vakil got pulled into more and more financial services projects and became interested enough in the investment management industry to independently pursue a chartered financial analyst designation.

"As an immigrant to the U.S., I felt totally overwhelmed in terms of financial planning, and I couldn't find one person who specialized in personal finances for people in my situation," said Mr. Vakil, who grew up in Mumbai, India. "I realized there was a gap in the industry."

Mr. Vakil decided to address that gap and launched his practice in response, naming his firm in honor of his newborn daughter, Myra.

He also gives back to the industry by serving on the XY Planning Network advisory board, the CFP Board's mentoring program, as well as on several industry diversity and inclusion committees.

— Deborah Nason

MIRANDA REITER

FINANCIAL ADVISER, USAA

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MIRANDA REITER first became interested in financial planning during a retail bank management training program, her first job after college. She did not get the chance to follow that career track, however, and after a few years in consumer banking, she left to pursue different opportunities.

Her path to her current roles as a financial adviser with USAA, where she serves military members, and as a Ph.D. student in financial planning at Kansas State University, was anything but direct.

Over the next 10 years, Ms. Reiter earned a master's degree in public administration; conducted development work in Africa — in French; taught international undergraduate students; and finally returned to financial planning, which had never left her mind and heart.

Now she is combining her passion for teaching, helping clients individually, and conducting research to advance the diversity and inclusion of women and minorities in the profession overall.

Why is research important to the industry?

"The work advisers do is very practice-oriented, and we tend to look at things from our direct experience," she said. "Research helps us see what's happening from a larger perspective. It brings a different level of insight to inform their practices, and it makes the industry stronger."

— Deborah Nason

LUIS F. ROSA

FOUNDER AND FINANCIAL PLANNER, BUILD A BETTER FINANCIAL FUTURE

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"I DIDN'T HAVE my own bed until my freshman year of college, and I never had my own room until sophomore year," said Luis Rosa, founder of Build a Better Financial Future.

A stellar example of an American success story, Mr. Rosa immigrated to the U.S. from the Dominican Republic when he was 11 years old, along with his parents, five siblings and two grandparents. All 10 shared a one-bedroom apartment, with kids sharing beds for many years. Yet all six children graduated from college or trade schools and became professionals.

Mr. Rosa is a proud role model to younger Latino professionals. About 40% of his clients are Hispanic and he connects with them on many levels, including:

- A common mother language. Even though most interactions are in English, he uses greetings and expressions that make clients feel at home.
- Cultural norms, such as it being "non-negotiable" for children to help their parents or younger siblings.
- And shared backgrounds. Mr. Rosa understands what it is like for immigrant clients to face discrimination and come up in a world with no safety nets.

"I'm thankful every day for being in this country, and I feel it's my responsibility to help the next generation," he said.

— Deborah Nason

LEYLA MORGILLO

FINANCIAL PLANNER, MADISON FINANCIAL PLANNING GROUP

LEYLA MORGILLO is on the fast track to partner status at Madison Financial Planning Group in Syracuse, N.Y. She started with the firm in 2013 as a back-office practice manager.

"I was doing it all, but in a support role to two advisers," she said.

After securing her certified financial planner designation in 2016, Ms. Morgillo began interfacing with clients as a full-fledged adviser. Since then, the firm has grown 10% annually, largely due to introductions from existing clients. The team now has $200 million in assets under management.

Through her alma mater, Syracuse University, Ms. Morgillo provides pro bono financial planning to military veterans twice a year.

"I feel strongly about wanting to help people who don't have access to these types of services," she said.

Ms. Morgillo serves as membership committee chair and vice president of the Financial Planning Association of Central New York.

"I'm planning evening events for younger advisers who may not have the flexibility to leave work during the day to attend local monthly luncheons," she said.

— Juliette Fairley

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BRADY RAANES

DIRECTOR OF INVESTMENT STRATEGY, RAANES CAPITAL ADVISORS

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BRADY RAANES was inspired to enter financial services by his parents, who are both certified financial planners.

Mr. Raanes, also a CFP and a chartered financial analyst, specializes in generational planning.

"We retain assets by developing relationships with the heirs and beneficiaries of our aging clients before they pass," he said.

In the process of adopting two sons, from Ghana and the Congo, Mr. Raanes co-launched a socially conscious family wine business that sends proceeds to charities that benefit Africa.

"It runs like a wine co-op where we source grapes from different vineyards, then sell direct to consumer," he said.

As president of the Pinebelt Foundation, Mr. Raanes raises money to increase financial literacy by inviting guest experts to speak at an annual investment outlook dinner.

He also prepares local students to participate in the Mississippi Council on Economic Education's Stock Market Game.

"My co-workers and I volunteer to lecture in classrooms and award prizes to the winning student groups and teachers," Mr. Raanes said.

— Juliette Fairley

PETS OF THE 40s

Dogs: **25**

Goats: **7**

Horses: **4**

Mini donkeys: **2**

Cat: **1**

Guinea pig: **1**

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LAURIE STEFANOWICZ

SENIOR VICE PRESIDENT AND MANAGING PARTNER, CATAMOUNT WEALTH MANAGEMENT

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LAURIE STEFANOWICZ advises clients at Catamount Wealth Management in Westport, Conn., but she handles money differently than most.

"I don't just put people in models," she said. "I connect with my clients on a personal and professional level."

Her unique style of advising emerged after playing professional soccer with the Atlanta Beat for one year.

"When you step on the field, you're setting goals constantly," Ms. Stefanowicz said. "Every game's different. You need a strategy to beat each team. That's what I apply to my clients on a regular basis."

In addition to being senior vice president and managing partner, she helps to educate as many women as possible about finances. In 2012, her goal was to help teach 2,012 women.

Although Ms. Stefanowicz has stopped counting, she's made the same effort in subsequent years.

"Just last quarter I presented 25 seminars," said Ms. Stefanowicz, who serves as vice-chair on the board of St. Thomas Aquinas Catholic School.

She also helps Caroline House build awareness and fundraise for women and children to reach their potential through learning English and life skills.

— Juliette Fairley

BILL WEYDEMEYER

VICE PRESIDENT AND SENIOR WEALTH ADVISER, THE COLONY GROUP

AFTER SPENDING about 18 months in entry-level jobs in large financial institutions processing insurance applications, cold-calling and doing back-office work in his 20s, Bill Weydemeyer had two realizations. One, that the financial industry is a part of everyone's lives, and two, that he wanted to be more client-facing as a big fish in a small pond.

Since joining The Colony Group 13 years ago, he has thrived, working his way up to vice president and senior wealth adviser.

"I was in part drawn to financial planning because I saw my parents buying bonds, saving for my college education, taking simple vacations and the choices they made about where to live," said Mr. Weydemeyer, who grew up around the cranberry bogs in rural southeast Massachusetts.

For the past five years, he has volunteered with the Midas Collaborative, which works to build financial security for low- and moderate-income residents across Massachusetts. He has served as a board member, a fundraiser and as a consultant to the financial coaches.

"It's been eye-opening to see how well financial planning works across all different socio-economic levels," he said. "It can make an even bigger difference when you don't have a lot of money."

— Deborah Nason

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TYRONE ROSS

MANAGING PARTNER, NOBLEBRIDGE WEALTH MANAGEMENT

WITH THE SOUL of a teacher and the drive of an Olympian, Tyrone Ross has risen from an impoverished background to become an accomplished adviser and entrepreneur, known especially for his expertise in crypto assets.

Mr. Ross, the first one in his family to graduate from high school, credits his track coach with keeping him focused on school and developing his athletic talent, which he parlayed into statewide honors and participation in Olympic trials. College and graduate school followed, along with stints at wirehouses.

While he appreciates his outward success, Mr. Ross, managing partner at Noblebridge Wealth Management, carries within him the trauma of poverty and strives not just for himself but for other families born into poverty.

"I care about providing financial services for all people," he said. "I have a larger book of those who can't pay than those who do."

Diversity should not just be about race and gender; it must include the poor, he said.

"My life's mission is to let people know they're not being forgotten," Mr. Ross said. "The narrative needs to change that we don't help the poor because they don't have any money."

— Deborah Nason

GRANT WEBSTER

LEAD ADVISER, DOWLING & YAHNKE

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A SELF-CONFIDENT and visionary person of action, Grant Webster is not afraid to aim high. When he decided some years ago to seek out a mentor, he cold-called Dale Yahnke, one of the most prominent advisers in San Diego, to ask him. Mr. Yahnke agreed. Four years later, Mr. Webster joined his mentor to become a lead adviser at Dowling & Yahnke.

Similarly, in 2016, he started a leadership development program within Junior Achievement of San Diego County that he hopes to take national.

As a long-time volunteer with the organization, teaching personal finance and career awareness to underprivileged youth, Mr. Webster noticed the lack of young leaders on the nonprofit's board. Seeing no one under 50 on the board, he started a junior board, now up to 20 people.

"One of the advantages is networking with high-level executives in San Diego," he said. "The goal is to have [the young people] graduate to the main board."

The program also addresses the need for young professionals to build up their business credibility.

"It wasn't until two years ago that I stopped being asked my age," Mr. Webster said. "Once you have a story to tell about your career and your background, they stop asking."

— Deborah Nason

Discovering Tech Companies that Supply the Suppliers

How a team approach goes beyond the numbers to find unique value

There's little mystery in the identity of the companies behind our ever-present smart phones and computers. Less recognized by the public, but certainly well-known to investors, are companies in the semiconductor industry and other sectors that produce components for those must-haves wonders of modern life. But what about the companies that manufacture essential tools for tech suppliers? Ray Mills, an international equity portfolio manager at T. Rowe Price, is part of a team that has identified promising companies that occupy pivotal positions in the global high-tech supply chain. Below, he explains how his team members in Europe, the U.S. and Asia pooled their insights to go beyond the numbers in their efforts to produce ongoing value for investors.

RAY MILLS
International equity portfolio manager
T. Rowe Price

***INVESTMENTNEWS* CONTENT STRATEGY STUDIO: Tell us about the kinds of companies that interest you as investments.**
RAY MILLS: Our primary concern is that a company be really well managed. To us, that means the company is investing for the future at the right level and has really good capital allocation discipline so that investments are made with a mind to returns on equity, return on assets and investment capital, and returns to shareholders. Having a regular stock buy-back program and a strong dividend-paying commitment and history helps as well. Especially when we look at technology companies, we like those that have strong technological moats or are in areas that don't fall into neat categories.

INCSS: What do you mean by that?
RAY MILLS: Some companies have an edge or specialty in a very narrow, but very important, niche. One such company we found in Europe provides chipmakers with the hardware, software and services they need to mass produce patterns on silicon, which helps increase the value and lower the cost of semiconductor chips. Those are the building blocks of computers and all the digital devices we use. The company's technology helps control the chip manufacturing process down to the nanometer and is used by all of the world's top chipmakers. In essence, the company is a supplier to suppliers, which is one reason it has a low public profile and why many investors would never even know it exists.

Another similarly obscure company we found in Europe recycles the small amounts of precious metals found in computers and other electronic equipment. Not only is this is very environmentally friendly, but it also saves manufacturing companies money and makes for a very profitable business. We learned that in addition to its recycling abilities, the company's knowledge of metallurgy and materials processing is vast, which opens it up to opportunities in many emerging industries, such as battery-powered vehicles. What's more, the company's management is very returns oriented. Again, this is a company that many others could easily overlook.

INCSS: What is unique about the T. Rowe Price team's approach and its process that led to finding these companies?
RAY MILLS: As might be expected, the initial interest in these and other companies came from our European analysts, who are responsible for following a wide-range of technology-oriented companies. Once we became interested, we involved our U.S. tech team and members of our team in Asia. Our analysts there cover the giant electronics firms that are customers of these companies, and our analysts were able to explore and understand how and why the companies fit into global supply chains. All of that came together in a way that went beyond the numbers and led us to have a lot of conviction about making an investment decision.

INCSS: How does having such broad-based conviction serve investors?
RAY MILLS: First, having a rigorous investment approach gives the team confidence in our holdings. For example, if we really know our companies and believe in their value, the fact that the stock goes down for some reason can be seized as an opportunity to add more stock at a better price. Confidence also tends to reduce turnover, which can give investors a steadier path over time. We believe that a steady path with quality investments over a long time frame can lead to better outcomes for investors. ■

To learn more about Informed Investing, please visit www.investmentnews.com/informedinvesting.

Fidelity hooks up with lender, while Dynasty offers 'forgivable loans'

BY JEFF BENJAMIN

FIDELITY CLEARING & Custody Solutions has entered into a "strategic alliance" with Merchant Investment Management designed to give its adviser clients preferential access to business loans for acquisitions or financing succession plans, the companies announced last Monday.

While most custodians serving the registered investment adviser space maintain loose affiliations with firms like Live Oak Bank and Oaktree that specialize in loans to RIAs, Fidelity is hoping for an advantage by more directly affiliating with a specialty lender.

"The RIAs need capital to acquire or provide incentives for new advisers, and this gives them another alternative so they don't have to give up equity to borrow funds," said David Canter, head of the RIA segment at Fidelity.

For RIAs custodying assets with Fidelity, the partnership with Merchant means a discounted loan origination fee, although neither Fidelity nor Merchant would elaborate on what that discount might look like.

"Today's most competitive and future-ready firms are achieving scale through M&A, and by our count there are over 700 RIAs that manage over $1 billion, and they're often doing so with national footprints," Mr. Canter said. "But it takes capital to create scale, and with the average deal size increasing three-fold in the past five years, access to that capital can sometimes be a roadblock."

Merchant is a holding company for a private partnership that was launched two years ago with three primary business lines, including acquiring noncontrolling minority partnership stakes in RIAs, investing in independent companies that provide services to RIAs, and the lending business now affiliated with Fidelity.

"Merchant was put together with the notion that there's a lot changing in the financial advice industry, particularly among independents who need capital to grow," said Marc Spilker, Merchant's executive vice chairman.

Mr. Canter said the affiliation with Merchant does not directly generate any revenue or new business for the custodian.

DYNASTY 'FREEDOM NOTE'

Dynasty Financial Partners has created a borrowing program that allows advisers going independent to pay off a forgivable loan with a portion of their new firm's revenue.

Called the Dynasty Freedom Note, the program allows qualified advisers who join the Dynasty Network to have up to 100% of their most recent 12-months' trailing revenues paid to them as they transfer business to their new RIA firm in exchange for an eight-year forgivable loan.

Ed Swenson, Dynasty's co-founder and chief operating officer, acknowledged a bit of marketing went into the "forgivable loan" description, hoping to catch the eye of brokers.

"We're speaking the same language that the brokerage community has spoken for decades," he said. "The big difference with our forgivable loan is that the advisers don't become Dynasty employees and when the loan is paid, they own 100% of their economics."

As example of how the loan works, a broker or team generating $5 million worth of gross revenues would get a loan from Dynasty for that amount, and then pay that back over eight years with 35% of the gross revenues from the independent advisory firm.

The loan payments include access to Dynasty's platform of services, which typically cost between 15% and 20% of gross revenues, according to Mr. Swenson.

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BREAK AWAY

CONTINUED FROM PAGE 4

dustry recruiter. "And it was another watershed moment to sell to First Republic, and another such moment to leave again. They are entrepreneurial and wanted to be independent again."

"RIA acquisitions are supposed to be a one-way street, with the purchase being final," said Danny Sarch, an industry recruiter. "If it's not, it turns the whole business model on its head."

Mr. Hou and Mr. Sear are owners of a new RIA, Evoke Wealth, based in Santa Monica, Calif. According to its Form ADV, Evoke Wealth has a staff of 20.

Meanwhile, Mr. Skinner and Mr. Zafran are opening an RIA in Monterey, Calif., called IEQ Capital.

> **"WHEN THEY LEFT MERRILL LYNCH, IT WAS A WATERSHED MOMENT."**
>
> MINDY DIAMOND, INDUSTRY RECRUITER

A spokesman for First Republic, Greg Berardi, declined to comment. Representatives for Evoke Wealth and IEQ Capital did not return calls to comment.

The split between the Luminous advisers and First Republic was amicable, industry sources noted. But it also raises plenty of questions, particularly since the Luminous Capital partners back in 2008 helped popularize the breakaway-broker movement and were far in front of the trend.

First, is this a unique deal between the advisers from Luminous Capital and First Republic, a one-off, or a harbinger of something new? Normally when firms sell, the sale is permanent.

Will more advisers follow in their footsteps, as many did 11 years ago, and pursue a second opportunity to spin off their businesses?

Also, how was the deal financed? Did the Luminous Capital partners need to buy out their contracts, essentially buying themselves back? Did a private-equity fund of some type work with the four advisers?

Ms. Diamond, who said she had no insight into how the split was financed, said the four advisers had completed the five years required under their work agreement with First Republic, and so were in accordance with their contracts with the bank. That put them in a unique position to take the leap back to an independent RIA, she said.

"What this could signal is firms wanting to have tighter contracts with their advisers," she said. "Back in 2008, this group went independent when no one did. But I don't think a lot of advisers will do what they did last month because it may be too many moves and disruptive for their clients. But if anyone can pull it off, it's these guys."

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GALVIN FIDUCIARY

CONTINUED FROM PAGE 4

The fiduciary obligation will apply to recommendations, advice and to the selection of account types, according to the announcement. Therefore, it will apply to individual retirement account rollovers as well as recommendations to open accounts involving asset-based or transaction-based remuneration, it said.

'FINANCIAL HARM'

"My office has seen firsthand the serious financial harm that investors and savers have suffered as a result of conflicted financial advice," he said. "Investors must come first."

Massachusetts joins New Jersey and Nevada, which are also pursuing fiduciary rules in their respective states. Maryland lawmakers have tabled a similar bill in their state for now.

Some states have felt compelled to address broker and adviser conduct after a Department of Labor fiduciary regulation was killed in the 5th Circuit Court of Appeals in March 2018. That rule, an Obama-era regulation that took partial effect in June 2017, would have raised investment advice standards in retirement accounts.

> **"THE SEC HAS FAILED TO PROVIDE INVESTORS WITH THE PROTECTIONS THEY NEED AGAINST CONFLICTS."**
>
> WILLIAM GALVIN, MASSACHUSETTS SECRETARY OF THE COMMONWEALTH

The brokerage industry had argued against the DOL rule partly because it said the SEC, as the federal securities regulator, should be the body to rewrite advice standards. Mr. Galvin and investor advocates feel the SEC's investment advice rule didn't go far enough, while the brokerage industry has said it raises the bar from the existing "suitability" standard.

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TIBERGIEN

CONTINUED FROM PAGE 3

breaking the 50% mark.

Mr. Tibergien, in an interview at the Pershing Insite conference in Phoenix last week, said clients prefer to work with investment advisers because of the transparency, greater choice in investment options and fiduciary status of the business model, which will remain in place under advice reform by the SEC.

Some say the new rules will diminish the marketing advantage advisers have over brokers because the reforms blur the distinction between them. But Mr. Tibergien disagrees.

"That shift is not happening because of regulation; it's happening because of consumer demand," he said.

Under Reg BI, advisers and brokers will be regulated separately, with advisers continuing to adhere to fiduciary duty. Although brokers will now be able to tell a customer they are acting in the customer's best interest, Mr. Tibergien doesn't see the rhetorical change as helpful.

"Hoping the government will help you compete is a loser's mentality," he said.

The new rules won't change the fact that brokers often have to sell from a limited menu of proprietary products, said Gabriel Garcia, managing director of Pershing Advisor Solutions.

"When you're captive to a brand and paid as an employee, it's a different [client] experience," he said.

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UBER FINTECH

CONTINUED FROM PAGE 2

Silicon Valley has taken notice. Uber already has a partnership with digital advice startup Betterment to help Uber drivers and food deliverers access a Betterment individual retirement account or Roth IRA.

But what's to stop Uber from developing its own service it can offer directly to workers?

"Between new incentives like Uber Cash, partner products like co-branded credit/debit, gift cards, budgeting, effective saving tools, and access to affordable capital, there are endless opportunities for Uber to provide increasing value ... in this space," the LinkedIn job posting states.

Endless opportunities. If one of the stated goals for Uber's new fintech hub is "make lives easier for ... drivers, restaurants, couriers, and truckers," the app could bring retirement savings and financial advice to a massive and underserved market.

If the gig economy continues growing as some expect it to, an Uber could build the early connections with next-generation investors that so many advisers and financial institutions are desperate to do. Offering financial services to workers could help Uber distinguish itself from other ride-sharing apps, cut out middlemen like Betterment and create a new revenue stream to satisfy shareholders after its lackluster initial public offering.

Uber wasn't the only consumer-facing tech brand making moves into financial services last week. Last Monday, Amazon launched a new "secured" credit card for its customers who have no credit history or bad credit. The program, called Amazon Credit Builder, also includes financial literacy tools, tips for building credit and the opportunity to "graduate" to an unsecured credit card.

In March, Apple announced its own credit card, along with an updated digital wallet app to help users with budgeting and payments (which happens to look a whole lot like existing robo-advice and financial planning apps). And Microsoft is partnering with BlackRock on some sort of new retirement platform for the mass market.

NOT FINANCIAL ADVICE

To be clear, these companies are likely far away from offering financial advice or investment management, and they may never get there. Uber could just be looking to create its own bank accounts in an effort to cut out expenses paid to traditional institutions, according to the CNBC report.

But the message from consumer technology is loud and clear: A significant portion of their massive client base remains unserved or underserved by the traditional financial services industry. Even if today the goal is to help them get out of debt, these companies are building the framework and, more importantly, trusting relationships to offer savings, retirement and possibly investing tomorrow.

If Wall Street isn't going to help the nonwealthy, Silicon Valley is more than happy to.

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HEAVY LIFT

CONTINUED FROM PAGE 3

dle & Reath.

The rule doesn't define best interest or mitigation. Nonetheless, firms will have to come up with ways to determine they've satisfied both requirements.

"What are your practices going to be?" Mr. Reish said on an *InvestmentNews* webcast June 6. "Then you develop policies, procedures, training and supervision around that. That's a lot to get done in 12 months if you don't have a really strong corps of people in the home office."

SEC member Hester Peirce acknowledged the potentially heavy lift facing brokers in a statement at the June 5 open meeting before her vote in favor of the rule package.

"The compliance period we are adopting is a very ambitious one," she said. "Firms will need to start their implementation efforts immediately."

The commission is setting up an implementation committee to help firms meet their new requirements. Financial advisers can ask questions during the transition by emailing IABD-Questions@sec.gov.

COSTS OF PRODUCTS

Under Reg BI, brokers must disclose their fees and types of services provided, and disclose and mitigate or eliminate conflicts of interest. In what the SEC called an enhancement to the original Reg BI proposal, the final version requires brokers to take into consideration the cost of investment products as well as the range of reasonably available products.

"It's going to be about documenting recommendations," said Brendan McGarry, partner at Kaufman Dolowich & Voluck. "You're going to have to have a reason for everything."

The final Reg BI also applies to account recommendations and to rollovers from company retirement plans to individual retirement accounts. Showing compliance in that area will put a premium on data collection, according to Mr. Reish.

"The only way I can think of mitigating is to have a really strong process for gathering information, for evaluating it and for making a recommendation that's in the best interest — not just suitable — of the investor, and then supervise the application of that process," he said.

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SEC'S FIDUCIARY

CONTINUED FROM PAGE 3

have the same practical effect," she said. "The duty to put your client first is still our duty."

Ms. Barr pointed to parts of the interpretation — such as language on page 23, which says that disclosure and consent alone do not satisfy an adviser's duty to act in a client's best interest — as upholding a tough adviser standard.

"People can look at this interpretation and select phrases that concern them or comfort them," she said.

The interpretation is one part of a four-part rulemaking package. The SEC sought to clarify the adviser's standard while promulgating a new rule, Regulation Best Interest, that is designed to raise the broker standard above current suitability. Advisers and brokers would continue to be regulated separately.

Mr. Hamburger said the result will be a blurring of the line between an adviser and a broker.

MARKETING ADVANTAGE?

"It really takes away the marketing advantage advisers had over brokers," he said. "It's going to be harder for advisers to promote that they have a much higher standard of care than broker-dealers."

It's impossible for any financial professional to operate conflict-free, Ms. Barr said. But advisers still have the upper hand when it comes to providing untainted advice.

"The kinds of conflicts investment advisers have are less acute than the conflicts many broker-dealer models have," she said.

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