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SEC presses on with anti-greenwashing proposals

BY EMILE HALLEZ

THE SEC ON May 25 took a step toward clamping down on greenwashing, proposing two major rule changes — one for investment product names and another for ESG disclosures made by advisers and investment companies.

In two party-line votes with a Democratic majority of 3-to-1, the SEC commissioners moved forward with the proposed changes to existing regulations, putting the modifications out for 60-day comment periods.

The first proposal is aimed at truth in labeling for investment products under the 1940 Act. It would update a fund naming rule that was enacted in 2001 and hasn't been revised since then to account for increased use of ESG and thematic investing.

Significantly, the Securities and Exchange Commission aims to stop fund providers from labeling products as ESG unless their investment process relies on ESG more so than other factors. A so-called "integration fund" that uses ESG alongside other factors "but not more centrally" than the other factors "would not be permitted to use ESG or similar terminology in its name,"the agency said in a fact sheet on the proposal, noting that doing so could be misleading or materially deceptive.

"As the saying goes, you should mean what you say and say what you mean," SEC commissioner Caroline Crenshaw said in her remarks at the public hearing."A fund's name is often the first piece of fund information investors see. And while investors should go beyond the name itself and look at the fund's underlying disclosures, a fund's name can have significant impact on their investment decisions."

LIKE ICE CREAM

Crenshaw made the comparison to going to an ice cream truck and having expectations about what one would receive when ordering a chocolate cone — that it would be cold, sweet and brown, even if some of the ingredients differed from other ice cream recipes.

Similarly, she noted, "I suspect that investors who invest in a dog and cat fund are not expecting to be investing in guinea pigs and gerbils."

The SEC is proposing to make certain investment criteria subject to the 80% rule of the naming regulation, which means that four out of five investments in a product must align with the strategy implied by the product's name. It would make names such as ESG, value and growth subject to that rule, though it would also allow funds to temporarily deviate from the 80% holdings limit in response to market conditions and in other limited cases.

"It didn't go far enough," said Andy Behar, CEO of As You Sow."It allows for this giant loophole where you can have a fossil fuel-free fund that is full of oil and gas."

A study published earlier this year by As You Sow found that 60 out of 94 funds labeled as ESG products lacked ESG conviction, with many products contain-

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Gensler defends SEC's ESG rules at ICI event

BY MARK SCHOEFF JR.

SEC CHAIRMAN Gary Gensler on May 26 defended several recent rule proposals focused on environmental, social and governance investing before a group that is skeptical of some aspects of the agency's work.

The Securities and Exchange Commission chief appeared at an Investment Company Institute conference in Washington a day after the SEC released proposals that would strengthen requirements for naming ESG investment products and beef up disclosures for investment advisers and investment companies about their ESG practices.

BETTER INFORMATION

The agency's goal is to give investors more and better information so that they can determine whether companies and investment funds are living up to their ESG promises, Gensler said.

"If we're going to remain the best capital market in the world, how do we lend a bit more efficiency to this discussion going on between investors on one side and issuers on the other?" Gensler said at the ICI event, where he participated on a video screen via Zoom.

ICI, a major trade association representing the mutual fund industry, expressed misgivings about the SEC's proposals in a statement on May 25. The group said requiring some funds to disclose greenhouse gas emissions related to their holdings "seems to be unworkable." It also urged the agen-

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GARY GENSLER

Social Security trust funds will run out of reserves by 2035

BY MARY BETH FRANKLIN

THE SOCIAL SECURITY and Medicare Trustees released their annual reports on the state of the trust funds last Thursday with no fanfare or advanced notice. The silent but deadly report shows that the Medicare Hospital Insurance trust fund will be insolvent by 2028 and the Social Security Old-Age and Survivors Insurance trust fund will run out of reserves by 2034.

The theoretically combined Social Security Old-Age, Survivors and Disability trust fund — the most common measure for gauging trust fund insolvency — will be exhausted in 2035, one year later than projected in last year's report.

After the projected trust fund depletion in 2035, income from payroll taxes would be sufficient to pay 80% of program costs, declining to 74% by 2096.

65 MILLION BENEFICIARIES

At the end of 2021, the Social Security program was providing monthly benefits to about 65 million people, including 56 million retirees, their families, and survivors and 9 million disability recipients. During 2021, 179 million workers paid $981 billion in payroll taxes.

Employees pay a 6.2% contribution from earnings up to a maximum of $147,000 in 2022, which their employers match. Self-employed workers pay both shares of the contribution at 12.4%.

PROMISED BENEFITS

But payroll taxes alone are no longer sufficient to pay all promised Social Security benefits. Consequently, the Social Security Administration has begun tapping the system's reserve revenues, known as the trust funds. With a 2021 annual deficit of $56.3 billion, the reserves the combined OASDI trust fund now stand at $2.852 trillion.

20%
CUT IN BENEFITS ONCE TRUST FUND IS EXHAUSTED

"The COVID-19 pandemic has had significant effects on Social Security finances in the near term, but the Trustees project little effect on the long-term actuarial status of the program," according to a statement released with the annual report.

The economic recovery from the pandemic-induced 2020 recession has been stronger and faster than assumed in last year's report, reducing the actuarial deficit for the combined trust fund over the next 75 years to 3.42% of taxable payroll, down from 3.54% reported last year.

Stated another way, it would require an immediate 3.42% increase in the combined portion of the FICA payroll taxes that fund Social Security benefits, from 12.4% to 15.82%, to bring the system's finances into balance.

"Social Security is only 13 years from insolvency and Medicare is only six years," Maya MacGuineas, president of the Committee for a Responsible Federal Budget, said in a statement in response to the trustees' report. "Policymakers need to get their heads out of the sand and stop pretending these vital programs' funding issues will fix themselves."

MacGuineas noted today's youngest retirees will be 68 when Medicare runs out of reserves and 75 when Social Security becomes insolvent. Workers under the age of 55 will retire into an insolvent system.

"At the time of Social Security insolvency, all beneficiaries will face a 20% cut in their benefits if we do nothing," she warned. "If we wait until 2035, benefits would need to be cut by a quarter or taxes raised by a third and we wouldn't be able to give workers and retirees time to adjust to this new reality."

But it doesn't have to be that way, she added. "We can start enacting thoughtful reforms that increase revenue, reduce spending, lower health care costs, stamp out today's rampant inflation, help grow the economy, and secure our trust funds."

"The looming insolvency and Medicare are problems we've known about for decades," MacGuineas said. "It's long past time to enact trust fund solutions."

(Questions about new Social Security rules? Find the answers in Mary Beth Franklin's new 2022 ebook at MaximizingSocialSecurityBenefits.com)

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Envestnet buys retirement platform 401kplans.com

BY GREGG GREENBERG

FINANCIAL TECHNOLOGY provider Envestnet announced last Wednesday its acquisition of digital marketplace 401kplans.com.

Envestnet said the deal underscores its ongoing commitment to the retirement plan industry and to investing in technologies and solutions that enhance its "financial wellness ecosystem." Envestnet manages data on retirement assets from more than 200,000 retirement plans.

"IT'S A GOOD MOVE IN THIS COMPETITIVE MARKETPLACE."
DENNIS GALLANT, AITE-NOVARICA GROUP

"401(k) plans remain the primary savings vehicle for 60 million American workers, yet advisers are often reluctant to incorporate them as part of their practices and holistic planning processes," Andrew Stavaridis, Envestnet's chief relationship officer, said in a statement.

"By bringing 401kplans.com into our retirement offering, we can create a more seamless experience for advisers to shop, benchmark, and screen investments for their retirement plan clients," Stavaridis said.

STREAMLINES DISTRIBUTION

401kplans.com streamlines retirement plan distribution and due diligence among financial advisers and third-party administrators. The company boasts nearly 28,000 advisers with accounts on the platform and working relationships with many of the largest brokr-dealers.

401kplans.com was founded by Scott Buffington, former national sales manager of MassMutual Retirement Services. Buffington will join Envestnet as head of retirement sales, reporting to Sean Murray, who was named Envestnet's head of retirement solutions last November.

"What would typically take advisers several weeks to complete can now be accomplished in a matter of minutes with a couple of clicks on our digital platform," Buffington said in the statement. "This offering is unmatched in the industry and serves as a platform for all advisers — from retirement plan novices to industry veterans — to help them efficiently find the best providers, assess fees and select appropriate investments for their clients."

Terms of the deal were not disclosed.

"It's a good move in this competitive market, where pricing is paramount," said Dennis Gallant, senior analyst at financial technology consultant Aite-Novarica Group.

"It adds value to advisers in playing the fiduciary role to the fullest, as well as being a nice feather in Envestnet's cap," Gallant said.

INTEGRATION QUESTIONS

Doug Fritz, president of financial technology consultant F2 Strategy, agreed the purchase will help advis-

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Customer wins more than $450K from TD Ameritrade

BY MARK SCHOEFF JR.

FINRA ARBITRATORS ordered TD Ameritrade Inc. to pay more than $450,000 to a customer who owned a leveraged investment for months longer than it was designed to be held.

Ian Delahunty bought a leveraged exchange-traded note —Velocity Shares 3x Long Crude Oil ETN (UWTI) — in August 2015 on the TD Ameritrade online platform through a self-directed account.

He maintained the investment until February 2016 — a total of 199

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Medicare Part B cost may ease in 2023

BY MARY BETH FRANKLIN

MEDICARE BENEFICIARIES who had hoped to receive some relief from the 14.5% increase in Part B premiums this year are going to be disappointed, but they may see lower premiums next year.

Medicare Part B premiums, which cover doctors' fees and outpatient services, rose from $148.50 per month in 2021 to $170.10 per month this year. When the 2022 premium was announced last November, the Centers for Medicare and Medicaid Services said the unusually large increase was driven in part by the statutory requirement to prepare for potential expenses, such as spending trends driven by Covid-19 and the uncertain pricing and utilization of Aduhelm, a new drug to treat Alzheimer's disease.

OFFSETTING DRUG COST

At the time CMS announced the 2022 premium in the fall of 2021, Aduhelm cost an average of $56,000 per year. After the 2022 Medicare Part B premium was set, the manufacturer of Aduhelm reduced the price to an average of $26,200.

In January, Department of Health and Human Services Secretary Xavier Becerra instructed CMS to reassess the 2022 Part B premium amount in response to the reduction in the price of Aduhelm.

On May 27, CMS announced that any savings due to changes in the cost of Aduhelm will be reflected in the 2023 Medicare Part B premium. "Given the information available today, it is expected that the 2023 premium will be lower than 2022," the announcement said. The final premium determination will be made this fall.

In a report accompanying the announcement, CMS determined that it was impractical to try to adjust Medicare Part B premiums midyear in 2022.

AVOIDING REFUND CONFUSION

"Such a change would require the retroactive processing of millions of claims which would take over a year and additional resources to complete," according to the report. It also determined that CMS does not have sufficient authority to send premium refunds directly to beneficiaries.

"CMS found that incorporating the premium effects of Aduhelm's price reduction … into the 2023 premium is the only practically feasible option," the report said.

(Questions about new Social Security rules? Find the answers in Mary Beth Franklin's new 2022 ebook at MaximizingSocialSecurityBenefits.com)

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Insurers buy popularity with new types of fee-based annuities

BY JEFF BENJAMIN

THE MODERN-DAY WEALTH management industry is quickly warming to the idea that it's no longer dealing with your father's annuity and insurance business.

During a popular session InvestmentNews RIA Lab on May 19 entitled "Fee-Based Everything," the focus was on annuity products and how the insurance industry has evolved to strip away commissions to reach the fee-based advisory channel.

"To you, as an RIA, the world has changed dramatically over the past five years," said David Lau, founder and chief executive of DPL Financial Partners.

"Five years ago, an investment-only variable annuity was basically the only game in town," Lau said. "The primary usage for annuities at that point was to see if a client had one and then roll it into something low-cost to bring under management. Today, every kind of annuity is available to a [fee-based] RIA."

PLATFORMS SMOOTH ACCESS

The panel discussion, which focused

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IBDs that earn most in fees

Independent broker-dealers earned more of their revenue from fees again last year, with fees making up 54% of revenue while commissions constituted just 34%. The shift has been occurring slowly for the last decade; in 2013, commissions made up 52% of revenue for leading IBDs and fees represented just 34%.

1. Ameriprise Financial Services
Fee revenue in 2021: **$3.9 billion**
% of total revenue: **65.5%**
Fee revenue in 2020: **$3.1 billion**
% change, 2020 to 2021: **26.9%**

2. LPL Financial
Fee revenue in 2021: **$3.5 billion**
% of total revenue: **45.7%**
Fee revenue in 2020: **$2.3 billion**
% change, 2020 to 2021: **51.5%**

3. Advisor Group
Fee revenue in 2021: **$1.9 billion**
% of total revenue: **49.4%**
Fee revenue in 2020: **$1.3 billion**
% change, 2020 to 2021: **41.9%**

4. Commonwealth Financial Network
Fee revenue in 2021: **$1.5 billion**
% of total revenue: **76.3%**
Fee revenue in 2020: **$1.1 billion**
% change, 2020 to 2021: **28.8%**

5. Northwestern Mutual Investment Services
Fee revenue in 2021: **$1.3 billion**
% of total revenue: **69.8%**
Fee revenue in 2020: **$1.0 billion**
% change, 2020 to 2021: **36.7%**

6. Cambridge Investment Research Inc.
Fee revenue in 2021: **$818.4 million**
% of total revenue: **59.7%**
Fee revenue in 2020: **$621.0 million**
% change, 2020 to 2021: **31.8%**

7. MML Investors Services
Fee revenue in 2021: **$729.5 million**
% of total revenue: **46.3%**
Fee revenue in 2020: **$539.4 million**
% change, 2020 to 2021: **35.2%**

8. Kestra Financial Inc.
Fee revenue in 2021: **$481.5 million**
% of total revenue: **64.1%**
Fee revenue in 2020: **$364.3 million**
% change, 2020 to 2021: **32.2%**

9. Equitable Advisors
Fee revenue in 2021: **$404.6 million**
% of total revenue: **32.3%**
Fee revenue in 2020: **$296.5 million**
% change, 2020 to 2021: **36.4%**

10. Lincoln Investment Planning
Fee revenue in 2021: **$281.9 million**
% of total revenue: **66.7%**
Fee revenue in 2020: **$214.1 million**
% change, 2020 to 2021: **31.7%**

Tidy records sidestep risk potholes

BY BRUCE KELLY

BROKER-DEALERS SHOULD be extremely sensitive to the risks posed by inappropriate record keeping and communications, the need to keep track of brokers who require heightened supervision and the ever-looming specter of complex products sold to retail customers, according to securities regulators who spoke on the "enforcement developments" panel on the morning of May 17 at the Financial Industry Regulatory Authority Inc.'s annual meeting in Washington.

One speaker, Melissa Hodgman, associate director of division of enforcement at the Securities and Exchange Commission, pointed to a $125 million settlement the SEC reached in December with JPMorgan Chase & Co. as a wider heads-up for the securities industry.

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Richard Skae of Morgan Stanley dies

INVESTMENTNEWS

RICHARD A. SKAE, most recently vice chairman of Morgan Stanley's wealth management group, has passed away, according to an internal company memo obtained by InvestmentNews. Skae was 65

"Rick's charismatic personality and unbridled optimism made him a natural leader," Andy Saperstein, head of Morgan Stanley Wealth Management, wrote in the memo. "His big heart and empathetic nature enabled him to positively impact the lives of many, whether it was as a mentor, confidante or friend."

Skae was the former head of the group's eastern division and served on several top management committees.

He began his career as an account executive at Kidder Peabody in 1981 and held positions at Donaldson Lufkin & Jenrette, PaineWebber and Merrill Lynch before joining Morgan Stanley in 2006.

According to the memo, Skae is survived by his mother Phyllis, his wife Cherie and his daughter Elizabeth.

Opinion

_IN_ THEIR OWN WORDS ...

from the web and print pages of *InvestmentNews*

"Personally, I don't care if my beneficiaries have to pay taxes [on inherited IRA assets]. If you get money from me and you have to pay taxes on it, that's too damn bad."

Tim Holsworth, president, AHP Financial.

"Social Security is only 13 years from insolvency and Medicare is only six years. Policymakers need to get their heads out of the sand."

Maya MacGuineas, president, Committee for a Responsible Federal Budget

The livin' is not so easy in the new American summer

Forget that the solstice is still a couple of weeks away. June has arrived and that means it's summer.

After two years of pandemic restrictions and fears, Americans can't wait to fully enjoy the season that lives forever in our memories of long sunny days, swimming, vacations and fun.

For many advisers and their clients, however, this summertime may be one when the livin' isn't so easy. Not to throw cold water on dreams of sizzling good times, but volatile markets, high energy prices and general unease about the economy are likely to translate into lots of work and perhaps even some heartburn for advisers and their clients, in addition to fun and sunburn.

The summer's generally overcast economic and market climate probably presents the greatest challenge. The inflation ignited by Covid-induced supply chain problems and fanned by the huge government fiscal stimulus was only exacerbated by the effects of the Russia-Ukraine war on energy prices. The Federal Reserve tightened rates to try to dampen the inflationary fires without causing a recession. But between fears of the economy running too hot or too cold, higher interest rates and continuing shortages of essential goods, as well as a dearth of workers, the result is a mood that is far less than festive.

For investors, and especially those nearing retirement or in retirement, the nagging question is, "What do I do now?"

For advisers, answering that question means revisiting financial plans, determining what to change and what to hold steady — all of which requires many more conversations, some of which undoubtedly will be less pleasant than talks when markets were soaring.

This summer, those conversations may return to the in-person variety, at least in part. While so many advisers and clients have become accustomed to Zoom meetings and other forms of virtual get-togethers, many advisers and clients are likely to resume the face-to-face sessions that help cement long-lasting relationships. Client appreciation events also are likely to be held for the first time in quite a while. All those in-person encounters will require more time, planning and effort than a phone call.

Another item requiring more time will be the in-person, press-the-flesh socializing that's once again possible and that complements the online marketing and educational efforts advisers have been mastering during the pandemic. Given potential clients' general unease and sense of financial insecurity, this summer is likely to be a particularly productive time for advisers to spend time mingling in social settings and discussing what they do and how they help.

And if providing assistance with traditional financial issues isn't enough to keep advisers busy this summer, there are some nontraditional areas where adviser input may add extraordinary value. One of these is travel, where contributing editor Mary Beth Franklin points out potential financial disasters that could befall Medicare recipients traveling overseas. If an adviser doesn't alert clients to these risks, who will?

HIGH ENERGY PRICES AND UNEASE ABOUT THE ECONOMY ARE LIKELY TO TRANSLATE INTO LOTS OF WORK AND PERHAPS SOME HEARTBURN FOR ADVISERS AND CLIENTS.

From now through Labor Day, there is a lot of work for advisers to do. But in between the work, remember it's still summer. Try to squeeze in some fun.

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The 40 individuals selected as the future of our business are a perfect example of the vitality of the financial services industry. *InvestmentNews* is proud to profile these rising stars and shine a light on their impressive accomplishments at such an early stage of their careers. We believe these are the very best of the best that the industry has to offer.

Paul Curcio, Editor-in-Chief
InvestmentNews

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MEGAN BYNUM

FINANCIAL ADVISER
HARVEST WEALTH GROUP

TUGGING AT THE sleeve of the concessionaire at the park where her older brother played baseball, 8-year-old Megan Bynum was determined to earn extra money by helping out at games.

"I was driven," said Bynum, who made $10 that first night. "I saved half and spent half," said the native of Murfeesboro, Tennessee, who brought the same determination to earning bachelor's and master's degrees in finance at local Middle Tennessee State University while working part-time at a credit union and at an independent financial advisory firm, which she joined when she graduated in 2012.

"I knew that if I could make it through the first five years, I'd have a career I would love," Bynum said. She's also grateful for the support of her husband, a CPA who has his own firm. Becoming a certified financial planner in 2015, she joined him as an entrepreneur in 2021 when she created Harvest and affiliated with Cambridge Investment Research. Bynum is also active in Rutherford Cable, a local organization focusing on women's professional advancement.

— Evan Cooper

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ALI CRISS

CEO
FINANCIAL INSIGHTS

ALI CRISS HAS worked in financial planning since she was 12. That's not a typo. For as long as she can remember, Criss has wanted to be a CEO. So, as a preteen she was delighted to do filing for her aunt, Dorothy Lewis, who ran her own financial planning business in Tacoma, Washington, and was one of the nation's first female certified financial planners.

Criss did every other job at the firm over the years, taking time out for college, where she majored in theater and English. After managing sound and lighting systems for theaters and bands for a few years, she returned to the firm, started taking over from her aunt, and arranged a merger with another planner.

Financial Insights is now one of the largest independent RIA firms in Tacoma, where Criss has created a free financial literacy program for women. For fun, she took up skydiving, advancing to become a member of U.S. teams that competed in international events. Now she's focusing on her firm, observing that "the advisory business has lost so much trust because of the facades we've put up; advisers should be unique and who they are."

— Evan Cooper

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CHRIS FILS

COMPLEX MANAGER
RAYMOND JAMES

BASKETBALL, MATH AND winning: All three passions have played a part in Chris Fils becoming one of the youngest and most successful complex managers at Raymond James.

Growing up in Fort Myers, Florida, Fils loved math and accounting courses in high school, where he lettered in basketball. At the University of South Florida, he continued playing basketball and studied finance, graduating in 2008 with a desire to join the financial industry, which was not doing much hiring at the time.

Instead, he worked at a bank and in insurance, starting as a wirehouse broker in 2013, moved to New York as a regional sales performance manager, then switched to a rival firm in California. He joined Raymond James four years ago and returned to Florida to manage 10 branches that traditionally struggled to attract advisers.

Fils says his ultra-competitive nature and work ethic have prepared him for the job. "When I meet with advisers, I tell them I'm battle-tested," he said. "I've done 300 cold calls and been rejected, so I know how to help and solve problems."

— Evan Cooper

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PASTOR FUSTER JR.

FOUNDER,
FUSTER FINANCIAL GROUP

RECALLING THE TIME five years ago when he decided to go independent and his wirehouse manager told him he would never make it, Pastor Fuster Jr. said the words didn't sting, they only made him more determined.

"I was used to hard work and knew I could do it," said Fuster, who came to Miami at age 6 from Cuba. He remembers helping his father sell communion dresses at flea markets to earn money, and his parents insisting that he attend college.

Graduating from Florida International University with bachelor's and master's degrees in business, Fuster later earned a CFP, becoming one of only about 3,000 Hispanic holders of the designation.

Around the time he affiliated with LPL Financial, his then-3-year-old son was diagnosed with autism. Fuster threw himself into learning about the condition and got involved in local volunteer efforts, becoming board chairman of the University of Miami/Nova Southeastern University Center for Autism and Related Disabilities, which serves 15,000 families in South Florida. Today, Fuster is studying to receive the Chartered Special Needs Consultant designation and is working on solutions to help combat the 85% unemployment rate among adults with autism.

— Evan Cooper

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BRIAN GAISTER

CO-FOUNDER AND CEO
PENNINGTON PARTNERS

WANTING TO BRING innovation to the family office space, Brian Gaister co-founded Pennington Partners in 2016. The Bethesda, Maryland-based firm now manages more than $1 billion in assets with a staff of 39.

Gaister, who earlier spent eight years at Morgan Stanley and Merrill Lynch, grew up in a family that owned several businesses, and he saw that families like his were struggling with the family offices and investment arrangements they had created.

"A lot of successful individuals are handling investments themselves or are using several advisers in an uncoordinated way or setting up subscale family offices," he said. "Even for families with assets between $50 million and $500 million, the cost of building a family office infrastructure and team is very high."

To better serve entrepreneurial families, his firm created a technology infrastructure that lets it offer a menu of services: providing middle-office administrative support for families working on their own or with their current financial advisers; serving as a complete family office; and providing access to private investment opportunities.

In addition to its formal services, the firm offers its clients a sense of community. "We're focused on creating the intimacy we were looking for," Gaister said.

— Evan Cooper

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SERGIO GARCIA

MANAGING DIRECTOR, FINANCIAL PLANNING
BFS ADVISORY GROUP

AN ACCOMPLISHED financial planner, Sergio Garcia admits that he "kind of fell into" the profession.

While a student at Texas Tech University, where he planned to major in finance, a friend introduced him to a professor of personal finance. "We had an interesting conversation, and I realized I could use my analytical skills to help people, not just make more money for a business," he said.

After graduating, Garcia created financial plans for insurance agents in Dallas, then worked for an RIA and a hybrid before joining BFS Advisory Group in 2020, where he has his own clients and also leads the firm's financial planning efforts.

He serves as a subject matter expert on the CFP Board Council of Examinations, teaches retirement planning at Southern Methodist University and is a board member of the Financial Planning Association's Dallas-Ft. Worth chapter.

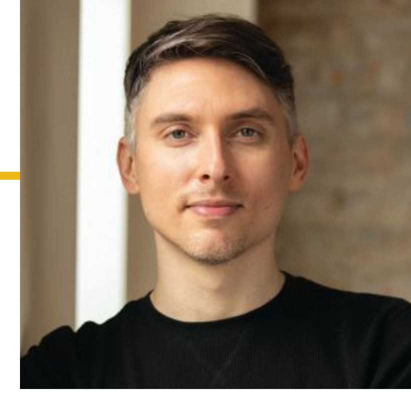
"My mom is from Nicaragua and my dad is from Mexico, and my sister and I were the first in our family to go to college," Garcia said. "We had to learn how to navigate the system, and I want to help others do that."

— Evan Cooper

37

MATT J. GOREN

DIRECTOR OF THE CFP CERTIFICATION EDUCATION PROGRAM, ASSISTANT PROFESSOR OF FINANCIAL PLANNING
AMERICAN COLLEGE OF FINANCIAL SERVICES



WHO BETTER TO educate future financial planners on the psychology of money than a psychologist and financial planner?

Matt J. Goren earned his Ph.D. in psychology at the University of California, Berkeley, where he also earned a CFP designation: "I became interested in the field after talking to graduate students about practical things like how to pay their rent, and seeing how personal finance can change people's lives."

After working at a financial planning firm and co-creating the Global Financial Planning Institute, which helps expatriates, Goren taught financial planning at the University of Georgia. He quadrupled enrollment in the major's introductory course, and hosted an NPR radio show, "Nothing Funny About Money." At the American College, he has created courses designed to increase advisers' interpersonal as well as technical skills.

Goren believes "softer," people skills are the future of the profession. "After two or three years, the technical side of what an adviser knows levels off, but the way advisers talk to people and help them to improve their lives can get better and better."

— Evan Cooper

31

VICTORIA GUTIERREZ

WEALTH MANAGER
CETERA INVESTORS

GROWING UP IN Whittier, California, Victoria "Tori" Gutierrez loved numbers and knew that someday her job would involve math and people.

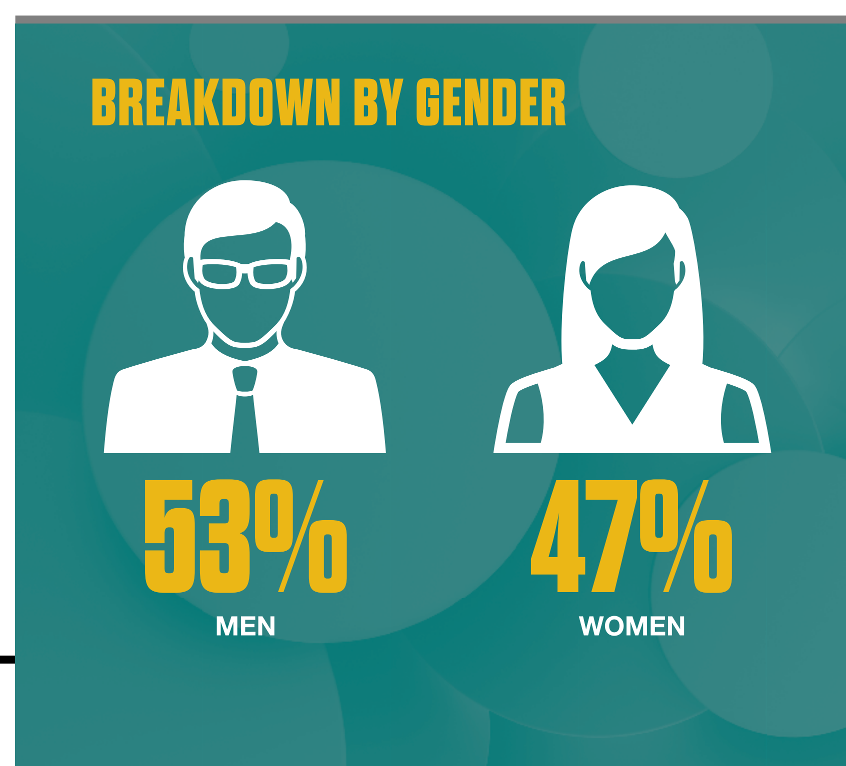
After college at the University of California, Davis, she attended a job fair and was recruited by a predecessor firm of Cetera Financial Group. That was nine years ago.

Gutierrez serves public school teachers and their families, a specialization she embraced from the start. "My team and I made it our job to educate ourselves on all the nuances of teacher pensions and every aspect of their benefits," said Gutierrez, who created a YouTube series, "Teacher Talk with Tori," focused on financial wellness.

Of Filipino and Mexican descent, Gutierrez said, "I can't tell you how many times I've met with a teacher and gotten steamrolled by a husband who questioned my credibility." She says her expertise and determination usually win them over.

The CFP designation Gutierrez has been studying for should make that easier. "I take the exam in November, right after I get married."

— Evan Cooper



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BRYAN HASLING

PARTNER
LODESTAR PRIVATE ASSET MANAGEMENT

IF YOU'RE A principal at an RIA firm and want first-hand advice about how to attract and retain young professional talent, ask Bryan Hasling.

A graduate of the financial planning program at Texas Tech University, Hasling has seen many of his friends and former classmates enter the profession with great hopes and then quit out of frustration and disillusionment only a short time later. "Most of the time, their leaving was completely preventable," he said, arguing the problem often stems from successful advisers being great at providing advice but not so good at managing the people who provide advice.

Now a partner at his Alamo, California-based firm in the East Bay area, Hasling attributes his success to the mentorship and development opportunities afforded him at his firm. To help improve opportunities for young advisers, Hasling created the Millennial Planners blog, which covers the issue of adviser retention as well as other practice management topics.

He said he came to be interested in helping people with money and finances when his parents got divorced. "I lived with my mom, who was swamped with confusing paperwork and struggling to handle what little money we had," said Hasling, "I decided to help her figure it out."

— Evan Cooper

36

GAURI JADHAV

DIRECTOR OF ANALYTICS, PORTFOLIO MANAGER
STONEBRIDGE CAPITAL ADVISORS

A MECHANICAL ENGINEER, Gauri Jadhav didn't know what a bond was when she started her first job as a quantitative analyst on a fixed-income trading desk. "I thought I would work for a medical device company after college, but no companies were hiring and I was offered a job in finance because of my analytical skills."

To master "the huge learning curve," she studied for her CFA and worked on an MBA at night. In 2017, she joined Stonebridge, a St. Paul, Minnesota-based RIA firm, as associate portfolio manager and began working with clients to construct customized portfolios. Jadhav developed the firm's proprietary portfolio management system, and now manages the team that oversees its use while serving on the research committee and as a leader on the equity, fixed-income and nonprofit teams.

When one of her best friends, a coach

for the group Girls on the Run, died, Jhadav, 36, organized a fundraising race in her honor and was asked to serve on the group's board to help with finances. "I love helping people and organizations meet financial goals so they can focus on what they want to do in life and further their mission," she said.

— Evan Cooper

37

CHRIS JANOTA

FOUNDER
ENVOY WEALTH MANAGEMENT

AFTER GRADUATING from Northern Illinois University with a degree in economics, Chris Janota was asked by his grandparents' financial adviser, who had just gone independent, to help him set up an office.

"A 30-day temp job turned into four years," he said. Licensed after his first year, Janota then "bounced around," as he terms it, among a few independent reps who were looking for a possible successor. "I learned a lot from them, and especially that I wanted to be 'the guy,' not the assistant, and have my own practice."

Over the years, he had built a small group of his own clients and decided to go out on his own in 2017, setting up Envoy in Crown Point, Indiana, and affiliating with Cambridge Investment Research in 2019.

Aside from his business, Janota is an active volunteer, judging essays for the national InvestWrite financial literacy program of the Sifma Foundation. He also is president of Act of Grace, a local nonprofit in Illinois helping families whose children suffer from epilepsy, which was started by a close friend whose daughter has the disease. When his friend suddenly died, Janota stepped in. "I guess I'm a professional helper," he says.

— Evan Cooper

38

ERICA JAMES

FINANCIAL PLANNER
CREATIVE PLANNING

WHILE ERICA JAMES has changed professions, her passion for education and giving back has been a constant theme.

Growing up in Colorado Springs, Colorado, she took accounting courses in high school and then majored in accounting in college. As a CPA, she worked in the profession for 10 years, first at a Big Four firm and then at a nonprofit, where she learned about taxes and planned giving.

"People started asking me about retirement and investing, and I wanted to help them but didn't have the knowledge to do it," she said. That led to studying for a certified financial planner designation, which she interrupted with two years off to teach English in Colombia.

Upon her return four years ago, James joined SBSB, an RIA firm in Tysons Corner, Virginia, which since has been acquired by Creative Planning, and has served as a volunteer with Britepaths, a local nonprofit helping to stabilize poor working families. There, she has four mentees and teaches a six-week financial literacy course to young mothers. "I love being in a helping profession and being able to educate people," James said. "Even in small ways, education can have a big impact on people's future, their families and their communities."

— Evan Cooper

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MAURICE MILLER JR.

WEALTH MANAGEMENT ADVISER, MASSMUTUAL

FINISHING NEAR THE top in a Stock Market Game competition in his college finance class, Maurice Miller Jr. learned a valuable lesson. "My classmate who won said he had played the game in high school; I'd never heard of it. That made me realize the world is just not fair," said Miller, whose parents and neighbors worked hard, but knew little about how to build wealth.

Later that year, Miller attended a lecture given by a financial adviser. "He owned his own business and was rewarded for it, and I decided that's what I wanted to do."

After graduation, Miller turned down a national firm's offer after being told he was expected to build a book by prospecting friends and family. Instead, he worked in a Cleveland bank's back office and then in its Detroit branch as an adviser.

He left in 2015, spent two years with a small RIA firm, and then started his own business, affiliating with MassMutual, where he has earned several distinctions.

A certified financial planner and an advocate for financial literacy, Miller has been a long-time participant in the Chicago Fed's Money Smart Week educational effort and is the co-creator of a 10-week financial literacy program he presents to elementary school students.

— Evan Cooper

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DAN REITER

PRINCIPAL AND DIRECTOR OF FINANCIAL PLANNING PROSPERITY PLANNING

ONLY ABOUT 12% of certified financial planners are CPAs. Among that select group, Dan Reiter may be the only one who is also a professional diesel mechanic.

Growing up in Kansas City, Missouri, Reiter assumed he eventually would join his father's insurance business, which investigates insurance claims involving heavy equipment and trucks. In preparation, he worked at a local truck dealer's service center during high school and during his years as a student at local Park University, where he studied business and accounting. Despite earning the credential, Reiter said he never wanted to work as an accountant nor, as he learned after a few years on the job, as an insurance adjuster.

"As a result of my own curiosity, I discovered the world of financial planning and decided it's what I wanted to do," Reiter said, prompting him to earn a master's degree in planning part-time at Kansas State University. After earning the degree, he joined Prosperity Planning, becoming a principal of the firm in 2018. A champion of the value of planning, Reiter currently serves as an adjunct instructor at his alma mater, where he developed and is teaching courses in retirement planning and tax planning.

— Evan Cooper

31

ADAM RIEGEL

WEALTH MANAGEMENT ADVISER NORTHWESTERN MUTUAL

FROM THE TIME a classmate at Harvard introduced him to an adviser at Northwestern Mutual who gave him an internship, Adam Riegel knew he found his calling.

"I liked trying to understand client concerns and then the problem-solving part of the job; I liked being able to control my own schedule; and I liked tying what I did to what I got paid," said Riegel, who became licensed while in college and opened his own hybrid firm affiliated with Northwestern in Wellesley, Massachusetts, soon afterward. He is a chartered life underwriter as well as a certified financial planner, a designation he earned in 2015. Recognized by his firm as one of its top producers, Riegel serves a client base consisting largely of professionals, many of whom work in finance.

A native of Walpole, Massachusetts, Riegel runs an annual financial planning workshop for graduating seniors of his alma mater. He is also currently active in several organizations that deal with amyotrophic lateral sclerosis, a disease that claimed the life of his father-in-law.

— Evan Cooper

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MARIANNE RODRIGUEZ

DIRECTOR, WEALTH ADVISER ROUND TABLE WEALTH MANAGEMENT

BORN AND RAISED in the Dominican Republic, Marianne Rodriguez came to the U.S. as a young adult. "My grandparents, who lived in Miami, requested a green card for me when I was a child, but by the time it came through I was in college."

She was allowed to stay until she finished her business studies, but then had to emigrate or lose the green card. "I arrived on a Sunday and interviewed for a job at a bank on Monday," Rodriguez said, taking a position as a client services representative at a bank.

After almost two years and many referrals to bank securities representatives, she decided to become a financial consultant herself, becoming a branch manager and earning a certified financial planner designation. Wanting to provide more holistic advice, she moved to Round Table Wealth Management, an RIA firm, in 2020, and transferred recently to its New York office.

Noting that her educated and prudent parents knew little about building wealth, Rodriguez says she is "passionate about educating people about what to do when they have some money." She and a firm partner created the Women of Clarity program to do just that, offering free public webinars and a robust offering of educational materials designed to help women.

— Evan Cooper

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ANDREA SHAFER

FIRST VICE PRESIDENT, LEGAL
CAMBRIDGE
INVESTMENT RESEARCH

THINKING SHE WOULD work in international law in Chicago after graduating from law school, Andrea Shafer instead moved to rural Fairfield, Iowa, to join her fiancé. There, she got a job with the largest employer in the county, Cambridge Investment Research, as an editor in its marketing department.

"I was licensed as an attorney in Illinois, not Iowa, so I couldn't practice, and the firm didn't have a legal department at the time," Shafer said. After about three months, she transferred into compliance, got licensed "and learned most of what I know about the securities industry on the job."

After nine years in compliance, she joined the growing firm's by-then established legal department where she is now involved in dispute resolution and regulatory affairs.

She also spends a lot of time working with advisers.

"My favorite part of my job is the intellectual challenge of helping advisers solve problems, and at the same time building strong personal relationships with them," Shafer said. Also committed to financial education, she's helping Cambridge develop a turnkey financial education curriculum that it would like to provide to local primary and secondary schools.

— Evan Cooper

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HANNAH SZARSZEWSKI

FOUNDER
BLUE MOUNTAIN FINANCIAL PLANNING

PLANNING FOR retirement is important. But Hannah Szarszewski, 34, believes a successful retirement is not the only worthy goal in life. "Figuring out life before retirement" is also important, she says.

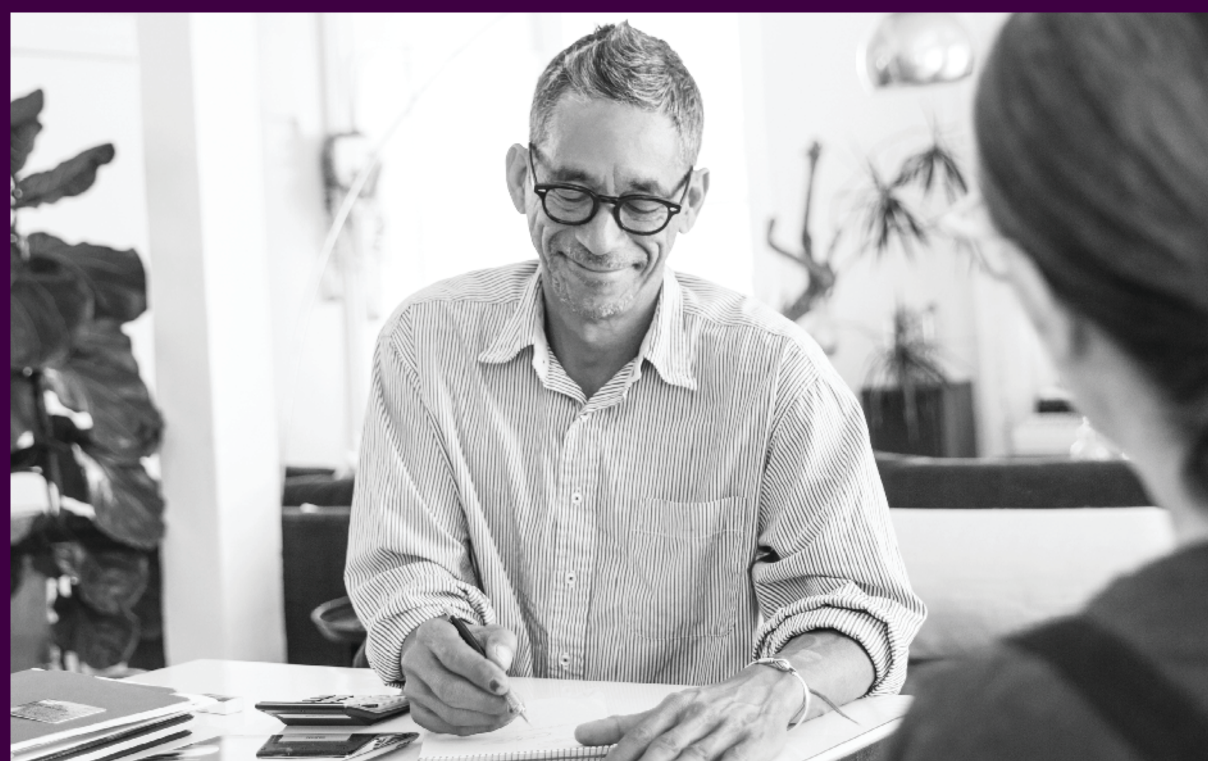
To help those in their 30s and 40s, many of whom want help with questions involving student loans or mortgages, for example, Szarszewski created her own Dallas-based fee-only planning firm last year.

She integrates education and financial counseling to help clients figure out the "whys" of their life, identifying what motivates them. Then, she focuses on their goals and then on how to reach them.

A graduate of Texas Tech University, where she started as a vocal performance major, Szarszewski worked full-time at a bookstore for several years after high school to earn the money to pay for college, turning to books on personal finance to help navigate the tricky money challenges she faced.

"I found myself fascinated by the subject, and when I discovered that Texas Tech offered personal finance courses — and realizing that as much as I loved music, that's not what I would do for a living — I switched majors," she said.

— Evan Cooper



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JENNIFER WILSON

ASSISTANT DIRECTOR, FACULTY LECTURER TEXAS TECH UNIVERSITY

SHE HAS ZERO assets under management, has never worked as an adviser, nor is a CFP, so when Jennifer Wilson attends a meeting of financial planners, she is often asked what she's doing there. "I get that all the time," laughs Wilson, who is assistant director of the personal finance program at Texas Tech University, teaching about-to-be advisers and training them in how to implement pro bono financial literacy education.

Growing up in Washington state, she studied meteorology at a community college. "I decided I didn't want to be a weather lady," she said, and moved to North Carolina where she earned an undergraduate degree in managerial finance.

Wanting to work with individuals, she joined the federal AmeriCorps volunteer program and did financial literacy training for two years. To learn more about financial planning, she enrolled in Texas Tech's graduate program and became a teaching assistant before landing her current assignment. "I love teaching and helping to train advisers," Wilson says. "If you're an adviser looking for an intern, I can help you."

— Evan Cooper

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MICAHL WESTER

MANAGING DIRECTOR, CLIENT ADVISORY TEAM TOLLESON WEALTH MANAGEMENT

BEING HOME-SCHOOLED on a farm in West Texas may not seem the ideal background for a career at a multifamily office, but Micahl Wester thinks otherwise. "I grew up untraditionally, but interacting with people of all ages from the time I was a child actually was good training for what I do now," she says.

When Wester began college at Texas Tech University, she intended to study home economics, but after taking a course in the school's well-regarded financial planning program, she changed her mind. "It was totally new to me, but I loved it and switched my major." After two years as a paraplanner at another firm, she joined Tolleson in 2007 and now has direct responsibility for some of its largest multi-generational client families.

Wester has made financial education a major focus with her clients and has helped create and deliver the firm's curriculum for educating younger generations of client families.

"It's important for younger family members to develop leadership and communication skills that go hand-in-hand with financial knowledge" so they can be successful stewards of family wealth, she says.

— Evan Cooper

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BREANNA COFFEY

WEALTH MANAGER BDF

"BEING IN A certain demographic doesn't mean you're never going to be in need," said Breanna Coffey, wealth manager with BDF and the firm's subject-matter expert on philanthropy.

The impact of charity hit home for her when she unexpectedly gave birth two months early while she was several hours from home. Coffey and her family received a month of free housing from Ronald McDonald House while the baby was in intensive care. "The experience gave me an enhanced awareness of how charities change lives," she said. "It gave me a different perspective, as a recipient."

To make philanthropy more accessible to clients, Coffey has them write a mission statement about their charitable interests. The process helps them develop specific goals so they can be more targeted and impactful in their giving. "We delve deep and ask them, 'What you are trying to accomplish?'" she said.

Coffey then develops a strategic plan that looks at factors such as how much clients can give and how often, tax implications, sources of funds, fund recipients and charitable vehicles such as a foundation or a donor advised fund. "It helps clients to feel 'What I do matters,'" she said.

— Deborah Nason

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BRIAN CHANG

SENIOR WEALTH ADVISOR KAYNE ANDERSON RUDNICK

BRIAN CHANG, senior wealth advisor with Kayne Anderson Rudnick, came to the United States from Taiwan at age 16 to pursue the American dream. His success has compelled him to pay it forward.

Chang's background and ability to speak Mandarin foster trust among other immigrants. "They feel understood and more willing to share their aspirations," he said. "Money is a very cultural thing. Having the same culture builds trust and a comfort level."

About 50% of Chang's clients speak Chinese, and he helps them navigate the differences between Asian and American approaches to investing. For example, many tend to embrace real estate. "Over the last three decades, they've seen real estate in China go up from 10 to 100 times. They come to the U.S. with the expectation of — that's where you make money," he said.

In addition, these clients aren't accustomed to financial planning and have less understanding about the need for diversification and estate planning, Chang said.

He volunteers with the Los Angeles-area Taiwanese Chamber of Commerce, giving frequent presentations on financial topics to teenagers and pre-retirees. "I want to help the next generations of working people reach their retirement and investment goals," he said.

— Deborah Nason

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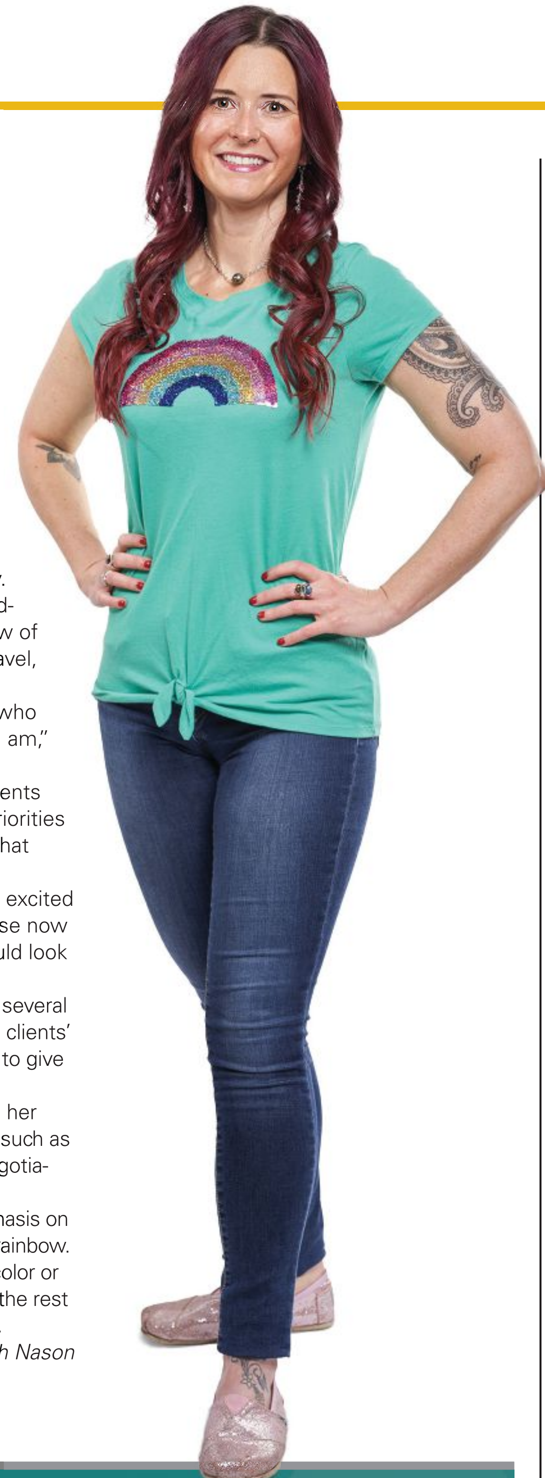
COREY BEAL

CHIEF EXECUTIVE
EMPOWERING FINANCE



COREY BEAL, CHIEF executive of Empowering Finance, found a winning formula for success by combining a sense of fun with an hourly fee approach. In the firm's first year, she gained 45 clients. She sees several prospects weekly.

Beal incorporates fun in onboarding meetings by sharing a slideshow of things that bring her joy, such as travel, crystals and animals.

"It helps clients share more of who they are because I'm sharing who I am," she said.

Beal also incorporates assessments that help clients identify their life priorities because many are unclear about what they are working toward.

"Seeing their results gets them excited about saving with a purpose because now they know what their future life could look like," she said.

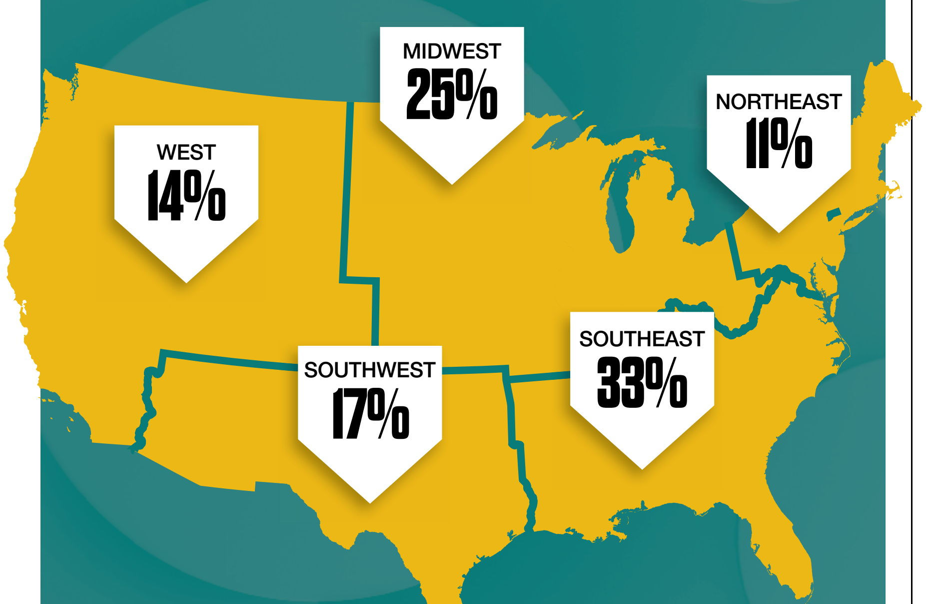
As a fiduciary, Beal incorporates several onboarding meetings to understand clients' financial situations in depth in order to give appropriate advice.

Thereafter they can engage with her briefly as needed, to discuss topics such as employee benefits, taxes, salary negotiations or buying a house.

As a result of the website's emphasis on diversity, the clientele looks like the rainbow. About 50% of clients are people of color or from the LGBTQ+ community, with the rest representing the majority population.

— Deborah Nason

THIS YEAR'S UNDER-40S HAIL FROM...



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MARK AGNEW

VICE PRESIDENT
GOLDMAN SACHS

MARK AGNEW FIRST started investing when he was in middle school. He'd mow lawns and put half the money in the stock market. "It really taught me savings from an early age," said Agnew, a wealth manager at Goldman Sachs, who has been in the financial industry for 10 years. "Here I am now, helping other people plan their financial future."

In his work with clients, Agnew said his goal is to help alleviate people's financial anxiety, to the benefit of their mental health, "and create clarity and confidence."

He also works hard behind the scenes at the office to foster a working environment that's welcoming to all. "As an LGBTQ+ adviser I am dedicated to serving all populations and I realize that it is imperative to make financial planning accessible and a viable career for everyone," he said. Through the firm's client engagement efforts, he's participated in a number of events benefiting LGBTQ+ organizations and aimed at diverse recruitment and retention; he's also been a mentee and now serves as a mentor. And he's a member of Goldman Sachs LGBTQ+ Americas Firmwide Client Engagement Committee and the Dallas LGBTQ+ Steering Committee.

"I want people to know that when you're coming to Goldman Sachs, you can bring your authentic self to work," Agnew said. "We embrace everyone."

— Kate Silver

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LEAH GRANGER

WEALTH ADVISER
OAKWOOD FINANCIAL SERVICES

LEAH GRANGER, wealth adviser with OakWood Financial Services, majored in sociology and social justice in college. Combining those interests with her analytical talent has brought her much satisfaction in her career.

Her path began in Boston, working for a national broker-dealer. Eventually, she led the team that developed operational technology tools.

This allowed her to build a great deal of industry knowledge, which she'd always hoped to put to use as a future adviser herself.

A profound insight from a friend who had lost a loved one spurred Granger's decision to return home to friends and family in Rochester, New York, and make the leap to advising.

"My friend said, 'You can never get time back.' and that moved me. Now that I'm here, I see that I didn't know what I was missing," she said.

Granger expresses her social justice inclinations by specializing in socially responsible investing and volunteering with a nonprofit that resettles refugees who helped the U.S. military in war zones. She also mentors the firm's support staff.

"I tell them, 'I know how scary it can be to pivot in your career. But blossom where you're planted. Do your very best and the rewards will follow,'" she said.

— Deborah Nason

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DOMINIC ALTOBELLI

**SVP AND WEALTH MANAGEMENT ADVISER
THE SCANDARIATO GROUP – MERRILL LYNCH**

AS A FORMER Colorado Rockies player, Dominic Altobelli thinks in baseball terms. That vocabulary translates in his work at The Scandariato Group, a 14-person Chicago practice with Merrill Lynch, where he's managing partner. "We have to swing the bat," he'll say in weekly meetings. "We have to take the opportunity to have great conversations with people, and we've got to take action."

That attitude has served the business well, scoring record-setting revenue in 2021, with Altobelli adding $100 million in new assets. He credits his team, which consists primarily of savvy millennial and Gen-Z employees who assisted with the firm's digital transformation during Covid. Altobelli has long been committed to helping develop younger employees, having chaired Merrill's NextGen Leadership Council and helped launch a national mentor/mentee program.

Recently, Altobelli added his proudest title to his resume: father. He and his wife, Maggie, welcomed twin daughters in 2020. The babies were born with complications — they were conjoined — and in 2021 they underwent successful surgery at Children's Hospital of Philadelphia. To show their gratitude, Altobelli and his wife participated in a fundraising campaign that brought more than $4 million to the hospital.

For Altobelli, the notion of helping other children dominates his top accomplishments. "I've never felt so much excitement in my life," he said.

— Kate Silver

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DOMINIC CORABI

**CO-FOUNDER, DIRECTOR OF WEALTH PLANNING
WEDMONT PRIVATE CAPITAL**

AFTER GRADUATING from the U.S. Naval Academy and serving seven years in the Marine Corps, military life was all that Dominic Corabi knew. When he returned to civilian life in 2012, he pursued an MBA from the Wharton School and discovered he enjoyed investing; he went on to work at investment and financial service companies.

After learning what he loved — and didn't love — about the industry, Corabi co-founded his dream firm, Wedmont Private Capital, in 2019 in Philadelphia. There, he fixed what he saw as broken at other firms — the traditional fee structure that charges clients according to their assets. Instead, Wedmont charges a flat fee, which includes direct indexing at no additional cost.

"Our goal was to create a fee structure that's fair for clients, and more indicative of the work that we're doing on their behalf," Corabi said. The firm's reputation is resonating: In just two years, it's grown to manage $600 million.

Through it all, Corabi remains loyal to his military roots. Through a Wedmont program called Military Mission, he mentors veterans and active-duty military personnel interested in financial planning.

"There's a saying, 'Once a Marine, always a Marine,'" he said. "It couldn't be more true. That camaraderie is forever."

— Kate Silver

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FERAUD CALIXTE

**FOUNDER
VANTAGE POINTE PLANNING**

AS A BUSINESS-MINDED person, Feraud Calixte has long been interested in financial markets. So, after earning his juris doctor degree, he decided a career in wealth advising was a better fit than law. He got his feet wet working for several national wealth management firms before starting his own, named Vantage Pointe Planning, in 2019. "I'm entrepreneurial by nature," he said.

He's differentiated himself by his fee structure (hourly, based on client needs) and by targeting clientele that's overlooked by the traditional model, namely, those who don't meet an asset minimum and business owners whose assets are tied up in their enterprise. "It was an opportunity to work with people that traditionally have been underserved," he said.

Calixte also diversifies his own portfolio. He recently developed a co-working space, which he works out of himself; and he owns several affordable housing communities — an investment he views as a win-win for the investor as well as the community residents.

"When I think about how I interact with people in general, whether it's wealth management clients, or stakeholders in properties, I just want to treat people with respect and dignity," he said. "The tagline on my website says, 'Your net worth is not your self-worth,' and that really resonates with me."

— Kate Silver

33

JULIAN DAVIS

**DIRECTOR
HOMRICH BERG**

JULIAN DAVIS IS a numbers guy and a people person. As a director at Homrich Berg in Atlanta, he's able to make the most of those skills by helping clients reach their financial goals, and through developing team members.

In 2020, Davis was tapped to shape the firm's culture by leading the newly created diversity, equity and inclusion committee. In that role, he's helped launch a heritage program and rallies employees to celebrate events like Hispanic Heritage Month, Black History Month and LGBTQ awareness. He also leads recruiting efforts at historically black colleges and universities and other schools to attract talent.

"A lot of young people don't even know that this is a career option," he said. "I'm able to go out and tell students about it, and let them see that there are places where you can come and be yourself and enjoy the work that you do within this industry."

Outside of work, Davis gives time to United Way's Volunteer Income Tax Assistance program, providing free tax preparation assistance to qualifying taxpayers. He and his wife, Ashlee, have a 3-year-old son and a newborn daughter, and Davis is close to his three younger brothers. "Family is very important to me," he said. "I want to make sure I'm setting a good example."

— Kate Silver

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STEVE DROST

FOUNDER
DROST FINANCIAL

A SELF-DESCRIBED "numbers nerd" and people person, Steve Drost found his ideal career in financial planning, where he strives to make clients' dreams come true. "I get to change people's lives," he said.

Drost learned the ropes of financial advising and planning working at two different firms after college. When his role went remote during the pandemic, he realized he wanted that flexibility to continue, so in 2021 he founded his own firm. Now he's working with about 50 clients and relishes the fact that he can be there for his wife, Marissa, and their two sons, Calvin and Carter.

In his free time, Drost is deeply involved in his community. He served as a volunteer firefighter and gives his time and expertise to his church, advising its leaders on finances and teaching a class for soon-to-be-married couples on financial literacy.

"My top piece of advice is share everything, communicate and figure out the 'why,'" he said. "The numbers are the easy part — they can't lie to you."

— Kate Silver

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MIGUEL GOMEZ

WEALTH ADVISER
LAUTERBACH FINANCIAL ADVISORS

WHEN MIGUEL GOMEZ immigrated to El Paso, Texas, from Mexico in 2007 to work in the financial industry, he was surprised by what he found. He'd meet with Latino small business owners, and they had a lot to learn. "They'd have no idea about finances, or how to manage your money," he said.

He started learning about the Latino wealth gap, and how Hispanic families are less likely to receive inheritances, own homes and have retirement accounts than white families. Seeing an opportunity to make an impact, he launched a podcast, "Dinero en Espanol," in 2014 to share simple lessons on finance and interview business leaders in Spanish. To date, the show has more than 600,000 downloads. "I wanted to start something small. I never thought I would have the reach that I have today," he said.

In addition, Gomez, who's a wealth adviser with Lauterbach Financial Advisors in El Paso, has given dozens of financial literacy workshops to underserved audiences. And to promote diversity within the industry, in 2020 he served as president of the D&I Committee at XY Planning Network, an organization of fee-only financial advisers working with Generations X and Y.

— Kate Silver

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NATE LENZ

CO-FOUNDER
CONCURRENT

AT 25, NATE LENZ was the youngest vice president at Raymond James Financial Services, where he led the succession planning and acquisition team and helped recruit financial advisers from large, full-service brokers, providing them with the support they needed to grow their own businesses independently. That work helped shape his vision for Concurrent, which he co-founded in 2016 in Tampa, Florida, to build a better business model for advisers looking to go it alone. "Concurrent is a service provider to advisers that helps them make the jump to independence," Lenz said.

Leveraging the Raymond James platform, Concurrent provides independent advisers with a slew of support services, including transition support, legal, accounting, HR, compliance, marketing and practice management, aimed at helping them maximize the benefits inherent to business ownership. "We help them become independent, and then we help them compete," Lenz said. Currently, Concurrent's 32 employees serve 78 teams managing more than $13 billion in client assets.

When Lenz isn't helping others build their businesses, he's encouraging young people to consider working in finance. Concurrent offers two internships, and Lenz returns regularly to Clearwater Central Catholic High School, his alma mater, to tell students about how right there, in economics class, playing a stock market game, he found his passion for his own career.

— Kate Silver

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DUSTIN JAVIER

FOUNDER
DEFINED CAPITAL

BEFORE DUSTIN JAVIER was born, his parents moved from the Philippines to the United States to start a new life. Growing up, he saw them struggle with finances, especially when it was time for him and his two older brothers to go to college. "It put a financial burden on our parents to fund that for us," he said.

Now, as owner of Defined Capital in Chicago, he works with families — many of whom are Filipino — to educate them on ways to save for things like college for their children and for retirement. "It's really fulfilling, helping clients that look like my family," he said.

He also conducts workshops, such as the Federal Reserve's Money Smart Week program, and speaks to professional groups to promote financial literacy and education, and he mentors young Asian-American professionals through a nonprofit organization.

But perhaps his most important education happens at home, with his three sons, ages 6, 3 and 1. He's already started investment accounts for the older two, and they buy stocks of interest, like Disney and Roblox, and talk about what it means.

"I want them to just be very smart and prudent with their investments with their money," Javier said. "And to teach it to their kids."

— Kate Silver

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JANINE SAM

FINANCIAL PLANNING PROGRAM DIRECTOR, ASSISTANT PROFESSOR SHEPHERD UNIVERSITY

HER SENIOR YEAR at University of Texas at Austin, Janine Sam took a financial planning course as an elective. It changed the trajectory of her life. She'd been studying finance, but loved how tangible financial planning was. "Everyone needs knowledge of personal finance, no matter what wealth level they're at," she said.

Sam earned her Ph.D. in financial planning at Texas Tech University, and now serves as assistant professor and program director of the CFP Board-Registered Program at Shepherd University in West Virginia. Through Shepherd's Center for Financial Education, she helps business students promote financial literacy in the community. And just over a year ago, she and her husband, Bishop, welcomed their 1-year-old son, Elyon, into the world.

It's a lot to juggle, but she's energized knowing she's making an impact on students' lives.

"A lot of my students have had no personal finance background, and a lot of them will be first-time college graduates within their family," Sam said. "It's really rewarding that this can open up their world a bit and show them they can be different when it comes to how money is managed. There is hope for doing things better."

— Kate Silver

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MAUREEN O'NEAL

PRIVATE WEALTH ADVISER CARDINAUX WEALTH ADVISORS

MAUREEN O'NEAL took a break from college at age 20, when she and her husband, Kelly, welcomed twin sons. After completing her MBA at Louisiana State University, she made up for any lost time when she started her career at Cardinaux Wealth Advisors, an Ameriprise practice in Shreveport, Louisiana, and quickly ascended from financial planning assistant to financial adviser to her current role as private wealth adviser.

O'Neal, 37, said she was drawn to the industry in part to help other women by sharing her own female perspective. "It's a way to empower other women so they've got confidence around what they're doing and the strategies they're using for their wealth," she said. She works primarily with individuals, couples, families and business owners who are planning to one day retire.

Her drive to help others also extends to her personal life: She's president of the board of directors of Robinson's Rescue, a low-cost spay and neuter clinic in Shreveport.

For O'Neal, her career, civic work and family life are as fulfilling as she could hope for. "My life is full every day of the year," she said.

— Kate Silver

33

JACK McCLOSKEY

CHIEF OPERATING OFFICER VINTAGE FINANCIAL SERVICES

WHEN JACK McCLOSKEY talks to people about their finances and sees tension melt from their faces, he knows he's doing a good job. "I'm not a doctor, but I can reduce somebody's stress and hopefully make their life better," he said, "and that's really rewarding."

McCloskey joined Vintage Financial Services 11 years ago as a financial planner. At the time, the firm had about 200 clients and six employees. Today, it's has grown to around 550 clients and 16 employees. McCloskey's role has grown along with the firm; as partner and chief operating officer, he oversees day-to-day operations. He relishes mentoring his team, while encouraging them to learn from one another. "Watching our staff grow and accomplish their personal goals, that's huge."

Outside of work, he's immersed in the Ann Arbor community, whether he's volunteering with his wife, Ashley, with Michigan Brewers Guild; or weighing in on urban planning, as he did in a former role with the nonprofit Building Matters Ann Arbor. "It's nice to meet new people and explore how to make our community better," he said.

— Kate Silver

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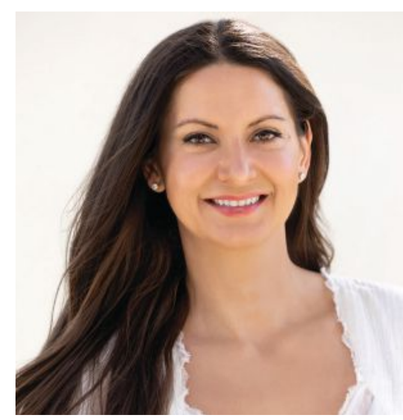
BREANNA STOTT

CHIEF EXECUTIVE FINWELL



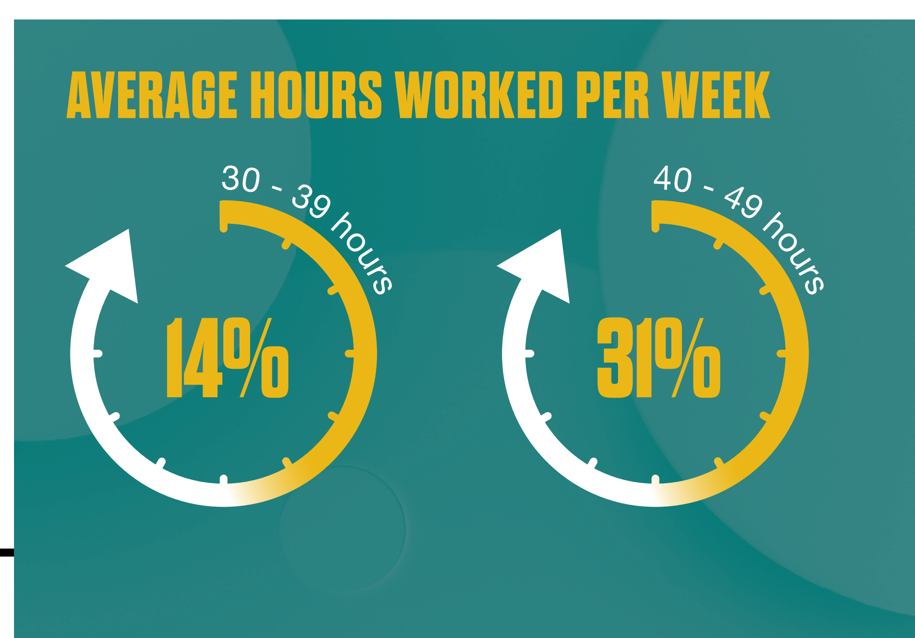
BREANNA STOTT didn't learn much about finance until she started working at a bank at age 19. Now, as founder and CEO of Finwell, a financial planning and wealth management company based in Los Angeles, she believes her background serves her well. "I'm able to relate to people more from all walks of life, because I experienced the day-to-day struggles of the working class," she said.

Stott launched Finwell with a mission of trust and transparency. She knew too many friends and family members who'd been burned by bad financial advice: "The individuals available to them were in more sales positions and less advisory positions."

At Finwell, she helps people who may not qualify for traditional advising services. She also provides financial education to nonprofits, and is a member of Exceptional Women Awardees, a mentoring organization for professional women.

"I really enjoy helping people reach their goals," Stott said. "The way that I value my life is through the amount of help I'm able to give others."

— Kate Silver



36

SAMANTHA TREBESCH

SENIOR VICE PRESIDENT AND HEAD OF SUSTAINABLE INVESTING, PRIVATE CLIENT GROUP RAYMOND JAMES

AS A TEACHER, Samantha Trebesch learned a life-changing lesson: With an education in financial literacy, people can change the world.

She was living in Hanoi, Vietnam, teaching high school math and computer science at the United Nations International School, when she realized her students lacked the basics in money management. She founded a microfinance organization to teach them, while also positively affecting Vietnamese women farmers. It planted a seed in her, too. "I wanted to make a larger impact, a scalable impact," she said.

So, Trebesch earned her MBA from Kellogg School of Management at Northwestern University and then began working at Raymond James, first as assistant to the chairman, then as vice president of strategy and planning for the private client group, where she co-founded and chairs the Sustainable Investing Advisory Council. She loves working with advisers and their clients to make a difference. "We have the opportunity to help these clients be part of the change that they wish to see in the world," she said.

Trebesch, 36, also prioritizes making positive, lasting changes within the company, supporting women through her work as national co-chair of the Women's Inclusion Network.

"I am passionate about the need for diversity in our industry," she said, "and ensuring that our associates and our advisers are as diverse as the clients that we serve."

— Kate Silver

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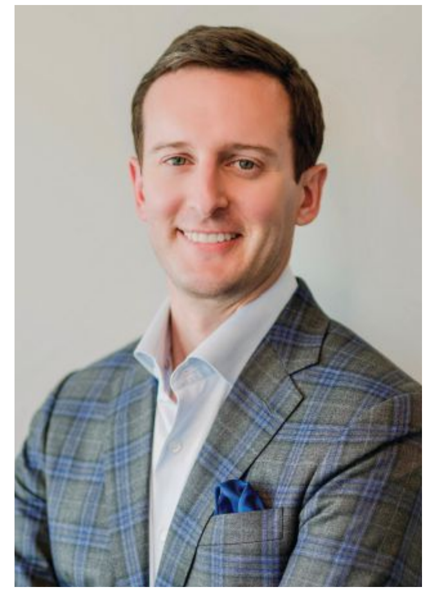
WILLIAM TAYLOR

CLIENT ADVISER ALEX. BROWN, A DIVISION OF RAYMOND JAMES



WILLIAM TAYLOR thinks about fulfillment a lot. As client adviser at Alex. Brown, he helps clients think through their aspirations. "Most people come to us and say, 'How are you going to make me more money?'" he said. His reply: "Is what you want really more money? Or do you want your money to work for you in a way that makes your life more fulfilling?"

Taylor began working in financial services 11 years ago at Merrill, and accepted a job with Alex. Brown in 2021, working at offices in Winston-Salem, North Carolina and in Florida (he lives in St. Petersburg). At 33, he says his age often works in his favor when dealing with his clients, many of whom are entrepreneurs and doctors. "They're looking for someone that can be with them for the rest of their life," Taylor said.

In his personal life, fulfillment is also top of mind. He served previously on the board of Winston-Salem Street School, which serves at-risk youth, and he and his wife, Kat Kesty, who is a dermatologist, have sponsored medical mission trips around the world. "As a family, we're always trying to give back," he said.

— Kate Silver

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THAO TRUONG

ASSOCIATE WEALTH ADVISER MORTON WEALTH

GROWING UP IN Vietnam, Thao Truong wanted to be a doctor. But when her mother fell into a bad business deal, Truong aspired to be the family's savior. For college, she immigrated to the U.S. to learn about wealth, and realized salvation wouldn't happen overnight. But in time, she would learn to help empower her family — and others — to better manage money and make informed decisions.

As a wealth adviser in the Los Angeles area, one passion of Truong's is working with women, especially those going through life changes, such as divorce — something she's gone through herself. She's a member of the National Association of Divorce Professionals and in training to become a certified divorce financial analyst. To that end, she teaches women to feel more comfortable with financial topics and become better investors. "I saw through my clients that they don't talk enough about money," she said.

Recently, Truong helped develop and launch Herself, an initiative by Morton Wealth that helps women gain more confidence, comfort and clarity around financial and life goals. "I find it's very fulfilling to help not just clients, but the community," Truong said. "Because this type of financial knowledge should be extended to everybody, not just people who can afford it."

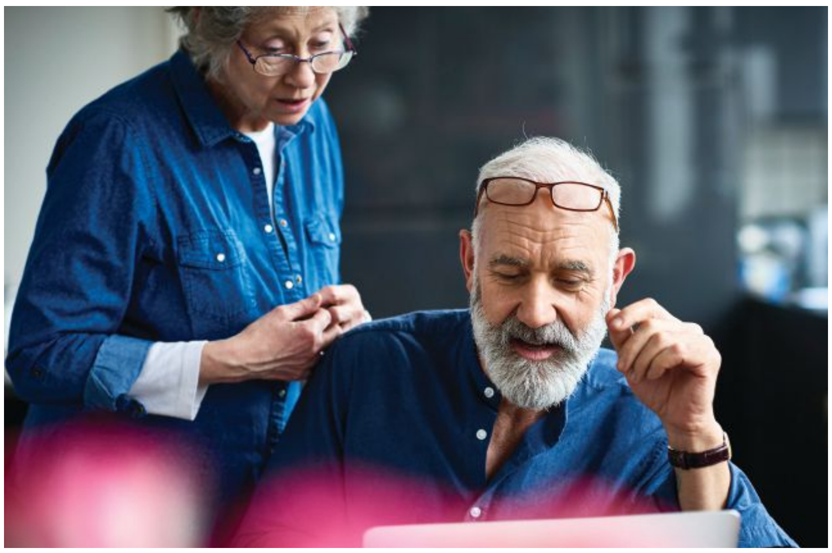
Her own life sets a powerful example.

— Kate Silver

Analysis&Commentary

SOCIAL SECURITY

Choreographed claiming lifts some lucky couples' benefits, but the move requires precise timing



MARY BETH FRANKLIN

ONRETIREMENT

A reader from California contacted me recently about how to switch from receiving Social Security benefits as a spouse based on his wife's earnings record to his own maximum retirement Social Security benefits when he turns 70 next year. It's a subject near and dear to my heart as my husband and I just executed a similar claiming strategy.

Matthew said his wife, who was born in 1954, started collecting Social Security in 2020 when she reached her full retirement age of 66. At that point, Matthew, who was born in 1953, was able to file a "restricted claim for spousal benefits" and collect half of his wife's full retirement age benefit amount while his own retirement benefits continued to grow by 8% per year between his full retirement age and age 70. He plans to file for his own maximum retirement benefit when he turns 70 next year.

Matthew and his wife are among the dwindling group of married couples (and in some cases, eligible divorced spouses) who can exercise this valuable claiming strategy because he was born before the Jan. 1, 1954, deadline that allowed him to file a "restricted claim" for benefits as a spouse while his own retirement benefits continue to grow up to age 70.

Some individuals who were born in 1952 or 1953, who are married (or were married) and haven't yet turned 70 or claimed Social Security may be able to execute a similar maneuver to maximize their lifetime benefits. Nearly 8 million Americans were born in 1952 and 1953, and about 75% of them are still alive today, according to a special report by 24/7 Wall Street based on Census Bureau data.

TIMING COUNTS

For married couples, one spouse must claim Social Security, as Matthew's wife did, to trigger a spousal benefit for the other spouse. In the case of ex-spouses who were married at least 10 years before divorcing, who are currently single, and who were born before the Jan. 1, 1954, deadline, each can file a restricted claim for spousal benefits against their former spouse — even if that former spouse hasn't yet claimed benefits.

People who were born after Jan. 1, 1954, can't do that. Whenever they file for Social Security, they'll be paid the highest benefit to which they are entitled at that age, whether on their own earnings record or as a spouse. They don't get a choice.

75%

PORTION OF THOSE BORN IN 1952-53 STILL ALIVE

My husband Mike and I did something similar in 2020 when I turned 66. I filed for Social Security when I no longer had to worry about earnings restrictions that can reduce benefits for workers who claim before their full retirement age. Then Mike filed a restricted claim for spousal benefits on my earnings record.

We both applied for benefits online, which was fortunate since Social Security offices were closed to the public in March 2020 due to the Covid-19 pandemic. Those offices just reopened in April.

Mike filed a new application for his own retirement benefits in December, four months before his 70th birthday. He received a letter from SSA confirming that he'll receive his first maximum retirement benefit payment this month.

Matthew had some questions about what to do next. Could his wife step up to a larger Social Security benefit when he claims Social Security at 70 if half of his new benefit amount is larger than her current benefit?

"Spousal benefits are always based on a worker's full retirement age benefit amount," I responded.

"Even though you plan to wait until 70 to claim your Social Security, your wife's maximum spousal benefit would be worth 50% of your age 66 benefit, not half of your age 70 benefit," I wrote. "If that amount is larger than her own retirement benefit, she would receive an increased benefit once you file for your own Social Security."

Matthew thanked me, calling my response extremely helpful. "Your point about spousal benefits being based on the worker's full retirement age rather than larger age 70 amount is such an important one, and is likely misunderstood by many," he wrote.

PLAN FOR SURVIVOR STABILITY

Matthew also wondered what would happen to his wife's Social Security benefit if he died first.

"Should you die first, your wife would step up to a larger survivor benefit, worth 100% of what you were collecting at time of death — including any delayed retirement credits," I replied. "At that point, her smaller retirement benefit would disappear."

And that's why coordinating claiming strategies is so valuable to eligible married couples, allowing them to maximize Social Security benefits over their joint lives, including survivor benefits for the remaining spouse.

(Questions about new Social Security rules? Find the answers in Mary Beth Franklin's new 2022 ebook at MaximizingSocialSecurityBenefits.com)

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CRYPTO

Adults poised to take crypto reins – thankfully

What does it take for the notoriously anti-central bank, anti-regulation cryptocurrency community to start considering consumer protections and government oversight?

RYAN W. NEAL

ONTECHNOLOGY

Losing a whole bunch of money.

Bitcoin just booked a record eighth consecutive weekly loss in the week of May 20. The cryptocurrency and its peer, Ethereum, are both down 60% from their respective peaks. The overall global cryptocurrency market has lost an estimated $1.7 trillion since November.

The sell-off has called several of the crypto industry's narratives into question. For example, enthusiasts who long advocated for digital assets as a hedge against inflation and central banks now say inflation and rising interest rates are the primary causes of the downturn. And so for much for being uncorrelated assets — the sell-off, especially in bitcoin and Ethereum, appears to mirror the performance of traditional technology stocks.

For some of the industry's leaders, the lesson may be that regulations aren't such an evil thing after all.

After TerraUSD, a "stablecoin" pegged to $1, and sister token Luna collapsed the week of May 20 — wiping out some investors' entire life savings — Ethereum co-founder Vitalik Buterin suggested taking action to help small investors recoup their losses and cited the Federal Deposit Insurance Corp. as "obvious precedent." Though Buterin didn't go so far as to call for a federal agency to serve as a backstop for crypto investors, it was still remarkable to those who have long followed the industry and its caveat emptor ethos.

Cryptocurrency has roots in libertarian free-market ideals, distrust or disdain for government and a dream of disrupting central banks. Resisting regulation has been a feature since the beginning.

GROWING PAINS WANE

The Bitcoin Foundation, an early attempt by the industry to work with government and traditional financial services firms, was plagued by scandals, such as vice chairman Charlie Shrem's being sentenced to two years in prison in 2014 after pleading guilty to a money-laundering scheme. The Chamber of Digital Commerce launched that same year to fight against regulations but upset some members when it invited traditional banks into the fold, according to the Wall Street Journal. In 2020, crypto exchange Coinbase left the Blockchain Association after it accused the lobbying group of overlooking competing exchange Binance's international infractions and a Securities and Exchange Commission investigation.

As recently as April, PayPal and Palantir co-founder Peter Thiel threw $100 bills into the Bitcoin 2022 conference audience to drive home his point about cryptocurrency's superiority to government-backed money.

"Even being in a stock, you're effectively being in something that's like a government-linked entity," Thiel said. "Woke companies are sort of quasi-controlled by the government in a way that bitcoin never will be."

"WOKE COMPANIES ARE SORT OF QUASI-CONTROLLED BY THE GOVERNMENT."

PETER THIEL, CO-FOUNDER, PALANTIR

Now, the industry is starting to sing a different tune.

The Blockchain Association is working directly with Sens. Cynthia Lummis, R-Wyo., and Kirsten Gillibrand, D-New York — who both own bitcoin and receive campaign contributions from the crypto community, according to Bloomberg — on legislation to regulate the market. And many on Fintech Twitter celebrated when President Joe Biden's administration said it would press Congress to demand that cryptocurrency exchanges separate customers' money from corporate funds.

"We, and many of the advisers we work with, believe that additional regulatory clarity will play a pivotal role in spurring more financial innovation," said Ben Cruikshank, head of Flourish, the MassMutual-owned fintech that offers a crypto-for-RIAs infrastructure, Flourish Crypto. "In addition to protecting investors, additional regulatory clarity and engagement will provide innovators with the certainty they need to invest and build for the future."

It's easy to be cynical about an industry that fought tooth and nail against regulations while value was skyrocketing, only to come around once things fell back to Earth. But those in the industry don't see it that way.

ADOLESCENCE OVER?

The change is more a sign of a market that is growing and maturing, said Alex Tapscott, managing director of the digital asset group at Ninepoint Partners, an $8 billion investment firm based in Toronto that focuses on alternative strategies. With so many newcomers entering the space, including companies like Flourish that are hoping to provide highly regulated businesses like financial advisers with access to crypto, there are more viewpoints in the conversation.

"Bitcoin is widely held by various kinds of investors and is becoming just another financial asset," Tapscott said. "There is still a core constituency within the community that believes in the benefit of being your own bank and not having to trust a financial intermediary."

"Long term, there is going to be more regulation in this space, and for centralized crypto assets like Coinbase, that's a good thing. It provides clarity, and regulation is not inherently evil," he added.

The industry got serious about working with, rather than against, the government after crypto lobbyists failed to remove a provision from the 2021 infrastructure bill that required cryptocurrency brokers to file tax forms with the Internal Revenue Service.

LOBBYISTS ORGANIZE

Since, three former SEC chairs, three former chairs of the Commodity Futures Trading Commission, three former U.S. senators and at least one former White House chief of staff, former Treasury secretary and former chair of the FDIC now either work for or advise cryptocurrency firms or investment funds, the WSJ reported. The Tech Transparency Project has identified more than 200 former staffers of federal agencies and national political campaigns who have gone to work in crypto.

Industries employing lobbying firms to influence policy is nothing new, but crypto is unique in that it is so new, there are hardly any written rules or clarity about which agency even has jurisdiction. The goal for crypto lobbyists is to create new, industry-friendly laws and fight against efforts to extend existing securities regulations to cover digital assets.

The crypto bros aren't rolling out the red carpet for regulators any time soon, but they certainly recognize they must act soon to regain investors' confidence.

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RETIREMENT

State auto-IRAs create rare common ground

Every issue seems political these days. It's either red or blue, and either way it inevitably turns into a cable TV shouting match.

That's why this *On Planning* column is focusing on a bipartisan, purple matter that everyone can all agree on: state auto-IRAs for private-sector workers.

GREGG GREENBERG

ONPLANNING

May was a banner month for state auto-IRAs and other initiatives to help private-sector workers save for retirement. Missouri and Arizona legislatures announced they are considering new bills encouraging these savings programs while California's lawmakers said they will look to expand the state's existing ones. And even the Hawaii legislature recently passed and sent to the governor a bill establishing a new employee opt-in IRA program.

From coast to coast, state legislatures are taking up the issue, although some not quickly enough considering the vast majority of Americans (72%) agree that state-facilitated retirement programs are a good idea, according to the National Institute on Retirement Security. Furthermore, there's high support across generational lines, with support highest among millennials (78%).

As 2021 ended, more than 20 states and cities had introduced legislation to establish new programs or form study groups to explore their options, according to Georgetown University's Center for Retirement Initiatives. Since 2012, at least 46 states have acted to implement a new program, study program options, or consider legislation to establish state-facilitated retirement savings programs.

AUTO PLANS GEAR UP

At last check, there are 14 states and two cities that have programs in place for private-sector workers incorporating one or a combination of these four models: auto-IRA (employer participation required if no plan is already offered), payroll deduction IRA (voluntary), multiple employer plan or MEP (voluntary) or marketplace (voluntary).

TIPPING POINT IMMINENT

So, what's taking the rest of the state legislatures so long to get their programs up and running?

As evidenced by what's happening in Pennsylvania — a purple state if there ever was one — it's only a matter of time.

In early May, the Keystone State saw the Keystone Saves Coalition, a group of business and civic organizations statewide, sign a petition pressing for the Keystone Saves Program, which will enable employers to provide state-facilitated retirement plans to their employees at no cost by setting up a simple payroll deduction. Enrollees in the public-private program will have the option to make regular payroll contributions to fund professionally managed individual retirement accounts in a manner like Pennsylvania's 529 College Savings Plan.

Joe Torsella, Pennsylvania's former treasurer, got the ball rolling back in 2018 when he called for the issue to be studied. Said Torsella at the time, "Almost half of our private sector workforce — approximately 2.1 million Pennsylvanians in our state alone — lacks access to retirement savings plans through their employers."

Then in December 2021, members of the Keystone Saves Coalition joined current Treasurer Stacy Garrity at the Capitol in Harrisburg to support the introduction of legislation to enact the auto-IRA program.

Torsella, for the record, is a Democrat. Garrity, on the other hand, is a Republican.

Who can argue with that?

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ANTI-GREENWASHING

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ing fossil-fuel investments.

The proposed flexibility in deviating from the 80% rule would be helpful for fund providers, said Jennifer Klass, co-chair of the financial regulation and enforcement practice at Baker McKenzie.

The proposal also gives fund providers much to think about if they are repackaging funds as ESG products without substantially changing their investment philosophies.

"A lot of asset managers have integrated ESG factors into their investment process," Klass said. "The point that's made in both [SEC] releases is that if you really have integrated ESG into your process … firms have to be careful in how they name their products and how they are marketing their products."

The naming rule proposal would also require "enhanced" disclosure requirements and would prohibit unlisted closed-end funds from deviating from the 80% limit without a shareholder vote.

The proposed rule changes are separate from a regulation the SEC is working to finalize around ESG and climate risk disclosures for public securities issuers.

The second proposal the SEC made, "ESG Disclosures for Investment Advisers and Investment Companies," seeks to prevent greenwashing in the strategies employed by those groups.

DISTINCTION MADE

For fund companies, the SEC made a distinction between different levels of ESG use, outlining "layered" disclosure requirements. "Integration funds," for example, would face the lowest disclosure requirements, while "ESG-focused funds" would require detailed disclosure and a standardized ESG strategy review table. At the higher end of requirements are impact funds, which would need "generally similar disclosures in their brochures with respect to their consideration of ESG factors in the significant investment strategies or methods of analysis they pursue and report certain ESG information in their annual filings with the Commission."

ESG-focused funds would have to provide more information about proxy voting and company engagements. Funds in that group that have an environmental focus would have to make greenhouse gas emissions disclosures, such as the weighted average carbon intensity of the portfolio. That, the SEC noted, would help environmentally conscious investors more easily compare products.

"The role of ESG issues in investing has undeniably changed over time," Crenshaw said. "The products and services offered are as diverse as the ESG nomenclature." Words like "sustainable" and "green" are often used as marketing tools but play only a minimal role in some products' investment processes, she noted.

"Clear and standardized disclosures allow investors to compare products and accurately price risk and opportunity with ESG practices," she said. "Investors have a right to know what they are investing in."

The lone Republican commissioner, Hester Peirce, voted against both proposals. Greenwashing is a legitimate concern, but the SEC already has a means of addressing it, Peirce said in her remarks. She cited the SEC's action on May 23 against BNY Mellon as evidence of that.

"We can enforce the laws and rules that already apply. A new rule that addresses greenwashing shouldn't be a priority," Peirce said of the naming rule proposal.

Further, adherence to the 80% rule "will rely on subjective judgments," and could encourage investment providers to have more homogeneity in their products, to the detriment of investors, she said.

Ethan Powell, CEO of Impact Shares, acknowledged the need for more clarity around product naming, but he noted that the industry is more likely to move forward in response to market forces than regulation. "ESG in the longer term will not be a separate investment discipline," Powell said.

The SEC's proposals "might help to alleviate some of that [greenwashing] and scare the hell out of some asset managers," he said. "The longer-term solution is market-based, and it will require the financial services industry to change its perspective to realize and to be more intentional around the social and environmental implications of capital."

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GENSLER

CONTINUED FROM PAGE 2

cy not to raise costs for investors.

In a Q&A with Gensler on May 26, ICI CEO Eric Pan also pressed him on another recent SEC proposal that would mandate disclosures by public companies on how they are impacted by and contribute to climate change. The proposal requires some companies to report Scope 3 greenhouse gas emissions produced in their supply chain. But Pan said there's no reliable way to measure Scope 3 emissions.

"How do you get comfortable with that fact [that Scope 3 is hard to quantify] yet we should have it hardwired into the rule set?" Pan asked Gensler.

SCOPE 3 REQUIREMENTS

Gensler responded by saying the Scope 3 requirement targets companies that have made commitments to improving the climate, such as a net-zero pledge.

"If you're making that affirmative statement to the public … measure something that you're targeting," Gensler said. "We're not changing any materiality standard."

Pan also asserted that requiring funds to disclose greenhouse gas emissions related to investments that comprise the fund would not be possible until the market sees how the climate-risk disclosure rule develops.

"You might be setting up for a future lawsuit, so I'm not going to comment beyond what's in the actual document," Gensler said of the ESG disclosure proposal. "Please read the rule. It addresses that question in the preamble. This is a separate rule proposal. It stands on its own."

TOUGH BUT AMICABLE

Although the discussion was tough for a Q&A between a conference host and a regulator, it was also amiable. Gensler said he wanted to hear from the approximately 600 people in the audience about the ESG proposals. The agency is taking public comment on each of them.

"Get out the keyboards," Gensler said. "Tell us what works, what doesn't work."

The ICI comment letters likely will point out many areas of the proposals with which the group disagrees. Gensler said he also wants to hear from individual investors, issuers and others connected to the markets.

"We get more richness in what's going on," Gensler said. "Don't just rely on the ICI … because the ICI has to work its politics."

Gensler also tried to put the ESG proposals in perspective, saying they represent just three out of 30 rulemakings the SEC has proposed. He noted that his predecessor, former SEC Chairman Jay Clayton, made about 70 proposals.

"I think you're going to lap Jay Clayton," Pan said.

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ENVESTNET

CONTINUED FROM PAGE 3

ers manage 401(k) plans. However, he has concerns about Envestnet's ability to integrate the new offerings, especially given increased demand from advisers.

"Acquisition does not equal innovation, and integrating new technologies has always been a sticking point for Envestnet," Fritz said, adding that Envestnet's most recent acquisition offers no answers regarding the widespread speculation that the company itself is up for sale.

"401kplans.com is a nice addition to Envestnet," he said. "But does it take Envestnet off the market? I don't know."

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CUSTOMER WINS

CONTINUED FROM PAGE 3

days, or approximately 197 days more than the volatile product should remain in an account. It is designed to take advantage of market swings over short time periods.

"He had no idea the security was not meant to be held long term," said Delahunty's attorney, Michael Hill, managing partner at Menzer & Hill.

Delahunty filed an arbitration claim against TD Ameritrade on Jan. 7, 2021, alleging the firm "knowingly put [him] in harm's way" by allowing him to hold the product for so long.

Three Financial Industry Regulatory Authority Inc. arbitrators held TD Ameritrade liable and awarded $360,000 in compensatory damages to Delahunty, according to a May 11 award. They also ordered the firm to pay interest on the award as well as $5,000 in costs, bumping the total up to more than $450,000.

Delahunty had asked for $480,000 in damages as well as $5,000 in costs.

TD Ameritrade said it disagreed with the claim and the result.

"Any notion that the product in this matter was recommended is categorically untrue," TD Ameritrade spokesperson Mayura Hooper said in a statement. "Award notwithstanding, TD Ameritrade met its obligations to its client. TD Ameritrade did not recommend the investment at issue to the claimant, who was self-directed and received detailed disclosures about the unique risks associated with the leveraged exchange-traded notes that he chose. We did then as we do now: We consistently recommend that every self-directed investor truly understand the risks, disclosures, and features of any securities before investing in those products."

Schwab purchased TD Ameritrade in 2019, and the transaction was approved by the antitrust division of the Department of Justice in mid-2020.

As is typical, the three public arbitrators didn't explain the reasoning for their decision, which came as Finra is reviewing its regulation of complex products, such as leveraged investments.

SEEKING PUBLIC INPUT

The week of May 13, the broker-dealer self-regulator concluded a comment period in which it sought public input on whether it needs to update regulations to address concerns related to investors increasingly accessing complex products through self-directed online accounts rather than through a financial adviser.

Even when Delahunty and others who buy complex products on their own, they still need help from brokerages, Hill said. "The average retail investor is not reading the fine print," he said. "They're trusting the broker-dealers to alert them about any concerns [about the products] before they invest in them."

Some kind of message from TD Ameritrade saying that the ETN Delahunty bought should be sold within a couple of days would have helped prevent his losses, Hill said.

"It's hit or miss in how [brokerages] apply compliance to these products," Hill said. "The industry is not doing enough. [Finra] is going to lay the rule for them."

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FEE-BASED ANNUITIES

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on helping fee-based advisers access various insurance products for their clients without having a broker-dealer affiliation or Series 7 license, compared the platforms to the way custodians work with registered investment advisers.

"The first question we always get is about billing and making a trade," said Mike Reidy, vice president and head of RIA distribution at Security Benefit.

"You can bill right from the platform and make trades and create model portfolios," Reidy said. "It's very easy, it's seamless, and all part of the onboarding process."

Matt Ohme, senior vice president at Allianz Life, added that the insurance industry has moved toward the independent advisory space to be "part of the ecosystem."

"I would look at the insurance company as another custodian," he said.

Lau agreed that questions about how to bill clients on annuity products are among the top concerns he hears from RIAs.

"It's the primary reason RIAs have never liked insurance products, because it wasn't billable assets," he said. "They used to call it annuicide because you were sending assets out the door."

Over the past few years, Lau added, insurance carriers have jumped on the fee-based bandwagon because "that's where the puck is heading."

"There are so many carriers supporting fee billing in so many ways," Lau said. "Fee billing is dramatically different from five years ago."

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"I WOULD LOOK AT THE INSURANCE COMPANY AS ANOTHER CUSTODIAN."

MATT OHME, SENIOR VICE PRESIDENT, ALLIANZ LIFE

TIDY RECORDS

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The SEC said at the time that from January 2018 through November 2020, employees of J.P. Morgan Securities, a broker-dealer subsidiary of JPMorgan Chase, often communicated about business on their personal devices, using text messaging applications such as WhatsApp and personal email.

DEFICIENT RECORD KEEPING

But the firm didn't preserve the written communications, a violation of securities laws. Its deficient record keeping hampered several SEC investigations, the agency said.

"For the commission, these records are sacrosanct," Hodgman said.

Another regulator, Jessica Hopper, executive vice president and head of enforcement at Finra, pointed to a case from December that involved SagePoint Financial Inc., one of the Advisor Group broker-dealers. SagePoint reached a $700,000 settlement after facing claims that it had failed since 2013 to have an up-and-running system that adequately supervised brokers with histories of misconduct.

One SagePoint broker was altering variable annuity documents, never went on heightened supervision and wound up taking withdrawals from customer accounts without client permission, Hopper said, adding that the firm's failure to oversee its advisers was not confined to that one instance. "This is much broader than one representative," she said.

Finra is also focused on brokers selling complex products, Hopper said, noting that in March the broker-dealer self-regulator issued a request for comment about its oversight of risky, complicated investments such as leveraged and inverse exchange-traded products and options.

She raised concerns about whether firms and brokers understand so-called "alternative" mutual funds, which use risky options as part of their investment strategy.

"We have retail investors who suffered 80% losses on their investments, and the firm was responsible for understanding what they were selling," Hopper said.

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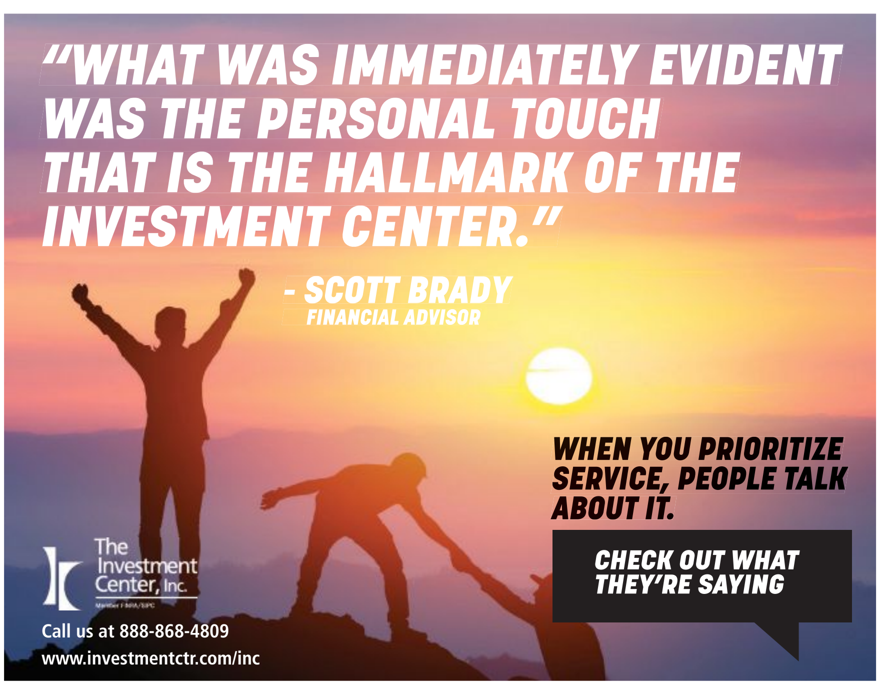

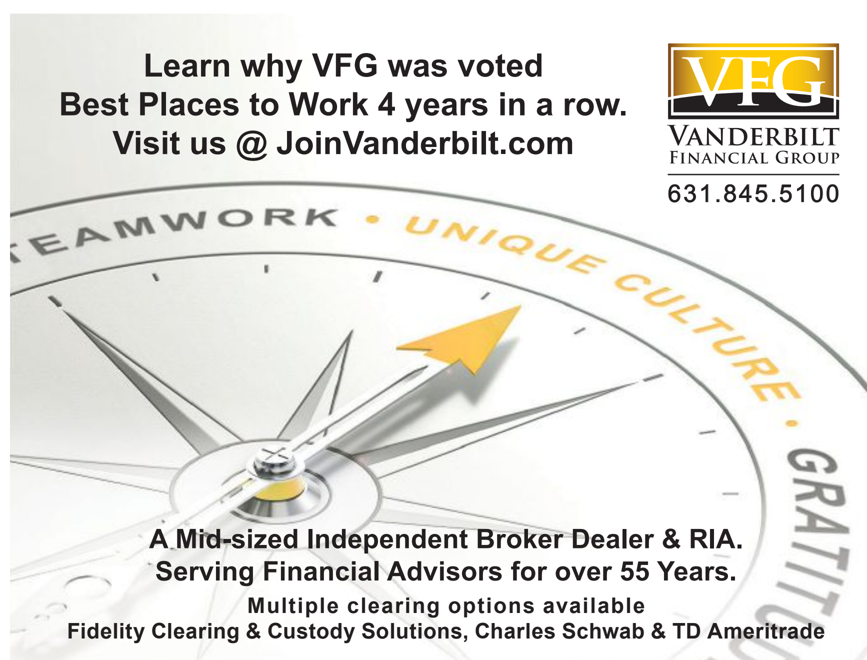

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