

Financial Advisor

It's About You

Do you like working directly with people? Are you able to take a multi-year perspective and truly think in the long-term? Are you the kind of person who likes to watch the ebbs and flows of global financial markets? Not afraid of sales? Is lifelong learning one of your goals? If so, then a career as a Financial Advisor may offer the right rewards and satisfaction for you!

What is Financial Planning?

Financial planning involves working with clients to understand their short- and long-term goals, overall lifestyle and level of risk tolerance, in order to provide tailored advice and develop effective financial plans to meet their financial objectives.

What is the role of the Financial Advisor?

Financial Advisors serve a key role in helping people make the most of their financial assets by helping them understand their investment and savings options and creating realistic and appropriate financial strategies.

Being a Financial Advisor involves working with clients to understand their short- and long-term goals, overall lifestyle and level of risk tolerance, in order to provide tailored advice and develop effective financial plans to meet their financial objectives. Financial Advisors always work directly with clients and in some cases, may consult financial planners (technical experts on planning) and work collectively with them to prepare their client's financial plan. This framework for collaboration tends to depend on an organization's design/strategy for the Financial Advisor role as well as the experience of the advisor.

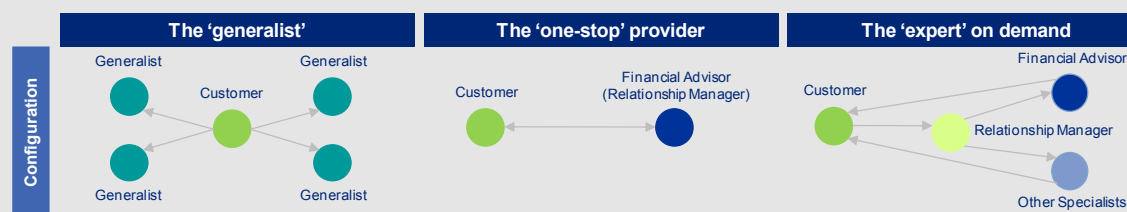
The role often requires a strong entrepreneurial spirit as Financial Advisors are required to sell products and acquire new clients. At every stage of a Financial Advisor's career, developing and maintaining client relationships is a vital part of success in the role.

Areas of Focus

Financial Advisors can work for a variety of organizations and the role may differ significantly across different organizations and segments of the financial services sector. Independent Advisors essentially own their own businesses and operate as agents in a network organization (i.e. a collection of independent business operators). Other professionals can work as employees in financial institutions such as banks, credit unions, investment dealers, insurance companies, wealth management or pension organizations. Retail bank branches and, more recently, mobile sales forces, are the preferred channels for selling investments. In light of this trend, financial institutions are placing a strong emphasis on face-to-face financial advisory capabilities and interactions.

Models of Financial Advisory

There are typically three types of roles/models for the delivery of financial advice and sale of investment products: the 'generalist,' the 'one-stop' provider and the 'expert' on demand. Specialization typically ascends from the 'generalist' to the 'expert' model of financial advisory:



- 1) **Generalist** – this type of Financial Advisor has knowledge of a variety of financial products (e.g. mutual funds, credit and loans, mortgages, etc.). Generalists are equally focused on investment, consumer banking and other personal financial needs of their clients. Generalist may or may not have their own portfolio of customers. In retail bank branches, in most cases, this type of Advisor serves customers directed to them (e.g. they are the 'next available' representative).
- 2) **One-stop provider** – this type of Financial Advisor is responsible for maintaining assigned customer relationships and is expected to have a fulsome picture of their clients' financial goals. While they primarily focus on investment sales, they are also expected to be able to provide advice on a variety of banking and financial management services to meet their clients' needs.
- 3) **Expert on demand** – this type of Financial Advisor does not maintain the client relationship, and is brought in as an expert by the primary relationship manager (e.g. generalist, one-stop provider) to meet clients' particular/specialized financial advisory or investment needs.

Clients and Products

Depending on the type of organization they work for, Financial Advisors serve a variety of clients such as:

- Individuals
- Families
- Small business owners

Financial Advisors may sell or advise on different types of products depending on the type of financial institution they are affiliated with:

- **Banks** – Most Financial Advisor positions are found in banks. Financial Advisors in these institutions sell a variety of banking products; many are licensed to sell mutual funds (however, in order to be able to sell other securities such as stocks and bonds, Financial Advisors must be appropriately licensed to do so and employed by the securities arm of their bank).
- **Insurance Companies** – Financial Advisors with insurance organizations sell life insurance products associated with a specific insurance company.
- **Wealth Management Firms** – Financial Advisors in these organizations are permitted to sell products from multiple companies (e.g. may sell funds from a variety of mutual fund companies)

and offer a range of options when advising clients. Advisors with securities/investment dealers are typically licensed to sell a variety of securities, including stocks and bonds. Additional licensing requirements must be met to be able to sell derivative products.

There are a variety of job titles that can apply to this role depending on which segment of the financial services sector the Advisor is in. Financial Planner, Financial Advisor and Sales Agent tend to be the most predominant titles across different organizations.

Main Duties

Commonly, the major duties of a Financial Advisor include:

Sales and Business Development

A core component of a Financial Advisor's role involves selling financial and investment products, such as savings or credit products, insurance and securities. In some organizations such as banks, this may involve working with clients that are referred to the Advisor through the bank's networks/operations or new customers seeking advice. In other organizations, a more proactive sales approach may be required where Advisors must identify potential clients and work to establish and develop relationships (e.g. cold calling).

Key Activities:

- Prospect new business -- identify new and untapped client bases, develop a plan to connect with potential clients; build new referral sources; generate referrals from existing clients
- Build contacts with potential clients, either through door-to-door or cold calling strategies, in order to set-up initial meetings, either at the advisor's office, client's home or other location
- Negotiate the terms of service agreements with clients in order to gain their business
- Hold public educational seminars to inform groups/individuals about personal finance
- Develop a reputation and market profile with both internal and external contacts by demonstrating expertise and commitment to client services

Provision of Financial Planning Advice

A fundamental attribute of a Financial Advisor is the ability to understand each client's unique profile (i.e. financial and personal goals) and work with them to develop a financial plan, offering financial products and services that best help achieve their goals. The complexity of the planning process and financial products involved depend on the services/strategies of the Advisor's organization and the client's goals and value of investable assets/net worth. The ability to provide clients with such direction requires strong knowledge of financial planning principles, financial products and excellent communication skills.

Key Activities:

- Establish rapport and trust with clients, engage in deep conversations to understand and analyze clients' financial and life goals, current and ideal financial circumstances and level of risk tolerance in order to recommend relevant products and services and develop appropriate financial planning strategies

- Analyze information on financial products and market trends and be able to provide informed advice on products best suited to individual client needs
- Read trade publications, journals and websites to remain current with financial trends and regulatory requirements
- Educate clients on different product offerings, relating the benefits and risks associated with them to the client's specific financial goals

Client Relationship Management

A successful Financial Advisor establishes and nurtures client relationships based on mutual understanding and trust. There are two aspects to client relationship management. First, there is the interpersonal component which is necessary to be able to source new clients and maintain a satisfied client base. Being able to anticipate client needs and to connect with them in a timely fashion is an important factor in maintaining positive relationships.

Second, there is the technical component of client relationship management which requires collection and proper, safe record-keeping of client information and files. Client files/databases contain important details – personal client information such as occupation, income, family status, contact information, history of financial needs and transactions, etc. In addition, to comply with regulatory requirements, detailed client records including financial information and statements, notes from meetings, client plans and all signed documentation relating to sales and investment agreements must be maintained.

Key Activities:

- Establish regular contact with clients to discuss investment portfolio status, new financial products, services, market developments or changes to legislation that may affect their savings and investments
- Working with clients, adapt and modify client portfolios as required
- Negotiate with product suppliers (e.g. mutual fund companies, stock brokers) to obtain best possible rates (e.g. administration fees, etc.)
- Maintain accurate client files with all relevant client information
- Ensure safekeeping of all paper and electronic documentation relating to all transactions; maintain confidentiality of client information

Work Context, Knowledge, Skill Requirements and Applicable Experience

Work context

Financial Advisors typically require a strong entrepreneurial spirit because of the independent nature of the work, which often requires sales generation. Financial Advisors may work in an office setting, either in private offices or sharing space with others, in a home office or may travel to the clients' homes. It is common for Financial Advisors to work evenings and weekends, as well as regular business hours, in order to be responsive and accommodate the schedules of their clients.

The Financial Advisor role is a versatile career option. There is great potential for variety of experience

and growth given the wide range of products, services, size and sophistication of client portfolios. This role can also be an interesting and exciting change in career for seasoned professionals from a variety of backgrounds. People with engineering or reaching backgrounds have been very successful as independent advisors as they bring the analytical, strategic and interpersonal capabilities that are required of Financial Advisors.

In the early stages of a Financial Advisor's career, the work is heavily focused on building or expanding a book of business (i.e. client base) by connecting with potential new clients and establishing an advisory relationship. Depending on what type of company a Financial Advisor works for, this may involve: cold-calling potential clients (typical for independent Advisors), building relationships with an existing client base (typically in the case of Advisors working at banks), and general marketing and networking. In later career stages, the focus shifts to maintaining a book of business by continually nurturing existing client relationships.

Knowledge requirements

Financial Advisors require specific knowledge of:

- The end-to-end financial planning process (e.g. gather client information, establish client goals, develop financial plan, implement strategies and monitor/review plan)
- Client investment needs and goals (e.g. growth, stability, income) during different life stages (e.g. early, mid-life and retirement) in order to provide relevant advice and strategies. Client goals will typically change over a client's life cycle. Goals may go from investing in products with higher levels of risk associated with higher rates of return/growth in early life to investing in lower-risk products and/or saving vehicles in mid to later life in order to purchase a home or fund children's education and/or retirement.
- Key financial planning principles or areas of focus such as cash flow analysis, risk management (insurance), tax, retirement and estate planning and investment management
- The variety of financial products and services available in order to provide appropriate and comprehensive advice
- The sales cycle and processes in order to build a strong client base

As people grow in the role and move to more senior positions they may require and develop knowledge around:

- More complex investment strategies and products for clients with high-value assets (i.e. typically over \$250,000)

Technical skills

Financial Advisors require specific technical competencies:

- Proficiency in financial and accounting techniques to effectively work with financial projections and calculations regarding investments and savings/potential savings
- Good research and analysis skills in order to stay up-to-date on financial products and strategies and to identify the best solutions for clients' needs
- Good computer skills in order to use programs to help prepare client reports, conduct financial scenario analyses, create charts and graphs and write marketing material

Soft skills

Financial Advisors require specific soft skill competencies:

- Active listening skills to be able to understand and infer client needs based on conversations with clients
- Ability to network and establish relationships with clients
- Strong oral and written communications skills in order to explain complex financial information or strategies simply and clearly
- A strong customer-service mindset (e.g. a strong desire to serve clients' interests and help them advance their personal financial goals) and a consultative approach to working with clients and other industry professionals
- A high level of self-motivation and good organization skills in order to be able to work independently; highly goal-oriented in order to be able to work towards personal financial and sales objectives
- Strong self-confidence and resilience to cope with setbacks and to survive difficult circumstances (for example, when the stock market is low and clients are unwilling to make new investments or just want their advisor to 'hold their hand')
- Excellent judgment/discretion and commitment to maintenance of client confidentiality
- Strong willingness to adhere to strict codes of professional conduct

Applicable career experiences

There are a number of work experiences/backgrounds that are relevant and applicable to the Financial Advisor role:

- Those with strong mathematical and analytic experience and good interpersonal skills are typically well suited for Financial Advisory roles
- Business owners or individuals with retail experience and interest in finance are also good candidates for Financial Advisory roles
- People with sales experience typically have a strong understanding of the need to respond to clients' needs and to work with them to make the sale happen and are therefore good candidates

for Financial Advisor roles

- Engineering experience provides analytical capabilities and process-orientation that compliments various aspects of Financial Advisor roles
- Background in educational training (e.g. teaching) often facilitates identification of individuals' needs and promotes the use of informed and supportive decision-making—skills required in Financial Advisor roles

Education, Certifications, Designations and/or Licences

Entry Level Positions

Entry level positions typically require:

- ☒ College diploma or
- ☒ Undergraduate university degree

In the fields of:

- Accounting
- Business management
- Finance
- Risk management
- Mathematics
- Engineering

Typically, specific financial services-related training is also required. See Additional Training section below.

Senior Level Positions

Senior positions may require:

- ☒ Graduate degree

In the fields of:

- Business administration
- Economics
- Mathematics

Additional Training

Certifications and designations may include:

- Certified Financial Planner (CFP)
- Personal Financial Planner (PFP)
- Financial Management Advisor (FMA)
- Canadian Life Underwriter (CLU)
- Canadian Investment Manager (CIM)
- Chartered Financial Analyst (CFA)

Licence requirements (depending on the type of organization) may include:

- Registered Representative (allows for advising on stocks, bonds, mutual funds)
- Registered Representative – Mutual Funds Only (allows for advising on mutual funds only)
- License to sell life insurance (including accident and sickness insurance); license to sell accident and sickness insurance only; see Life Licensing Qualification Program (LLQP) options

Representative Job Titles

Depending on the organization you work for, Financial Advisors may hold various job titles:

- Personal Banking Advisor
- Financial Planner
- Insurance sales agent
- Investment Advisor
- Investment Associate
- Investment Counsellors
- Insurance Consultant

Career Pathways

Moving into the role

Providing financial advice to clients requires you to have professional maturity, credibility and industry experience and is usually not suited for those without work experience right out college or university. Investment in relevant training (e.g., CSC, mutual funds and financial planning courses and/or designations) during college or university establishes a good stepping stone towards junior Financial Advisory roles for those directly out of school. Completing the Canadian Securities Course (CSC) course within six months of hire date is often compulsory and most roles require a licence to sell mutual funds. However, clients do not expect to work solely with a novice advisor, as a result, Associate Financial Planners or Developing Investment Advisors usually work with more experienced advisors.

Typical entry-level positions include roles in branch banking such as Financial Services Representative or

Financial Services Manager. Retail branch experience will allow you develop knowledge and understanding of simple investment vehicles like GICs (Guaranteed Investment Certificates) and mutual funds. From here, progression to working with more complex investment options, as a more experienced Financial Advisor, would be your next step.

Progression beyond the role

As an independent Financial Advisor your job title may not change over the course of your career; however, the nature of the work you do may increase in variety or complexity depending on how you choose to craft your career. As you build your book of business, you may find yourself working with clients with increasing personal net worth, which require more complex, specialized, or greater variety of financial products and services.

Working as an employee in financial organizations, Financial Advisors may progress through sales management pathways by becoming Branch Managers (e.g. in banks or investment dealers), Field Supervisors (e.g. in independent firms) or you may move into senior management positions in the business (e.g. Manager Financial Services). In Toronto, where many of the major financial institutions are headquartered, moving into roles at 'head office' or corporate functions is possible. In head office, former Financial Advisors can bring their knowledge of the business and front-line processes to areas such as product management, strategy and operations, marketing, risk, or portfolio management.

External Factors Impacting the Role

The evolving market dynamics that lead to the creation of new investment products and services requires Financial Advisors to be proactive and remain current in their knowledge of new and innovative products and investment strategies. Similarly, changes in the regulatory environment may require updated licensing and educational requirements for Financial Advisors.

Employment Trends and Outlook

Employment Outlook

Demand for Financial Advisors continues to increase:

- New development of complex investment products has created demand for wealth management advice on a global basis
- Customers continue to prefer holistic financial advice and more fulsome face-to-face interaction when making investment decisions

Today, the demand for financial advice is increasing. As investment products become more complex and financial organizations more competitive in creating products adding to the variety of options already available, clients' reliance on the expertise of Financial Advisors to help make informed investment decisions is expected to increase. Moreover, as population demographics change with Baby Boomers retiring and Gen Ys entering the workforce, both the nature and demand for financial advice is shifting. As a result, Financial Advisors need to be alert and responsive to the different needs of their client segments, utilizing the latest products, and actively educating and informing clients of new services.

Compensation

Compensation levels vary greatly based on experience levels, the complexity of the investment products sold, and the type of organization for which the Advisor works. Independent advisors are typically on commission-based compensation programs (typically at 100% commission), whereas Financial Advisors working as employees of a firm (e.g. a bank are typically on a base salary with some commission component.)
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