How to Focus Your Practice on Millennials
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by Beverly Flaxington

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I receive a lot of questions about marketing to the next generation and working with millennials. For this week’s column, I sought input from a successful financial advisor and CFP® who is a millennial and focuses on them in his own business. Read on for some millennial advice from Eric Roberge, founder of Beyond Your Hammock.

The financial planning industry has finally realized that baby boomers are individuals born in similar years who don’t all fit a single category; now, it’s time to do the same with millennials. From afar, millennials do look like a young, inexperienced group of future clients, an eventual target market. But upon further examination, you’ll find a diverse and committed cohort looking for advice from someone who understands their unique situation.

Dear Readers,

We’ve stood on the mountain tops and peered down into the millennial forest. From that distance, it’s no surprise that everyone looks the same. But my personal experience launching an RIA that focuses specifically on this demographic (loosely defined as those born between 1982 and 2000) tells a different story.

Hiking down a mountain changes the view of the forest. You eventually see it for what it is: a massive amount of individual trees of all types, shapes and sizes. Working with millennials is the same. A generation of 83.1 million people is certainly not a niche (US Census Bureau). In fact, that is 10% larger than baby boomers.

Specialization is Key

Specializing in the next generation of clients opens up an entirely new paradigm, one that is bubbling over with opportunity.
When I first launched my RIA in 2013, my pitch was that I worked with young professionals to help them use their money as a tool to live a life they love. Although this is still my ultimate goal, I learned a few things and narrowed my scope as my business grew.

The first lesson I learned is that not all young professionals need detailed budgeting help or have overwhelming student loan issues. A good amount of them actually have healthy cash flows and are ready to take their financial lives seriously. And this is where the ability to find a niche within the millennial generation becomes important.

There are many 28- to 35-year-olds who work in high-tech that make six figures. Those who are lucky enough to have escaped college debt-free with an understanding of how to spend responsibly are basically growth stocks for a financial planning firm.

These folks have worked at several different firms and have amassed over $100,000 in various rollover eligible 401(k) plans. They also might earn big commissions and/or have access to a lucrative incentive stock option or restricted stock unit bonus plans at work.

Although the early years may not provide big revenue for a company that charges an assets under management fee, one that initially creates an ongoing retainer relationship is set to explode in the years to come.

**Some Situations Might Surprise You**

Let’s look at another group of millennials, one that is burdened with student debt: young doctors. There are several different types of federal repayment strategies out there. A few of them are decent and may offer major benefits when paired up with this type of client.

I work with a 30-year-old couple, both doctors, who pay me a monthly retainer. He has no student debt, and she has $80,000 in federal loans. After analyzing her student loan situation, we determined that the best repayment option was actually to take advantage of a combination of two programs: the income-based repayment (IBR) and the public service loan forgiveness (PSLF) programs.

We found that by taking this route, she would actually pay less interest over 10 years. This is true because she qualified for a reduced monthly payment early on, and the remaining balance of her loans would be forgiven in 10 years with no tax consequences. Even though they could have paid more toward the loans each month, it didn’t make financial sense to do so. We are now investing over $4,000 per month into a joint investment account (in addition to funding their respective 403(b) plans at work).

The common denominator here is that, although neither type of client has any assets to manage now, they both make great money and know how to save. And it doesn’t have to stop there. How about the high earning independent contractors who work as real estate brokers or pharmaceutical sales reps? It’s these types of clients, and plenty of others, that show up when you peer deep into the millennial generation.
It’s not about asset size at this age; it’s about structuring a revenue model to build productive relationships with various types of HENRYs: millennials who are “high earners not rich yet.” They will add a built in growth mechanism for your business, allowing you to create a legacy not possible with an aging client book.

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