

Financial Advisory Industry Foundations Training Guide

Welcome! We're so excited that you've chosen to join the financial advisory industry. We need talented people like you so that we can continue to expand our reach and serve clients.

Our goal with this guide is to give you a solid foundation of important concepts and terms to help you succeed as you begin your training process. We recommend you use this as a supplemental tool in your training process by doing three things:

- 1. Read a section**
- 2. Make notes of the questions you have from reading the section**
- 3. Discuss the material and your questions with your manager**

This training guide has been prepared by Carson Coaching, the top business coaching firm for financial advisors and industry leaders. We link to several outside resources in this guide, so if you find a broken link, please contact us at coaching@carsongroup.com so that we may update it.

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Before We Get Started

Before you jump into this industry foundations guide, we have a few important tips to cover.

- Unfortunately, not all of us were taught important lessons about personal finance and investments in school. If you don't feel confident about financial concepts like [credit and debt](#), [budgeting](#), [bank accounts](#), [taxes](#), [retirement accounts](#) or the basics of investment securities like [stocks](#), [bonds](#), [mutual funds](#) and [exchange-traded funds \(ETFs\)](#), we recommend starting with some education in these areas. For a great course on financial basics, check out the [Know Yourself, Grow Your Wealth](#) program from [The American College of Financial Services](#).
- As you're going through the training program at your firm, make sure you have a notebook and pen to take notes and write down questions you have.
- Don't be afraid to ask questions! Those of us who've been in the industry awhile sometimes forget to teach things we learned long ago. If something doesn't make sense to you, it's OK to stop and say so.

Let's get started!

What We Do in Our Industry

You'll often hear this industry referred to as the financial advice, investment management, wealth management or financial planning industry. **Essentially, what we do is help people make strong financial decisions to help them achieve their goals.** Their goals could be being able to retire, sending kids to college, getting out of debt, traveling the world, leaving a legacy or any other number of personal goals that take money to achieve.

Financial planning is like creating a roadmap that says, "Here is where we are, here is where we want to go, and here's how we're going to get there." [Here's a quick video that explains financial planning.](#)

Supporting the financial plan are a bunch of puzzle pieces, like investment selection and management, budgeting and cash flow, education planning, retirement income planning, estate planning, tax planning and insurance.

- **Investment selection** is where we help our clients invest their money by choosing appropriate investments that consider their goals and how much risk they're willing and able to take.
- **Investment management** refers to the ongoing monitoring of the investments and their performance and making changes to the investments when needed to keep the client's investments in line with their goals and risk tolerance.

- **Budgeting and cash flow** refers to analyzing a client’s income and expenses – and helping them build an intentional spending and savings plan that will help them reach their goals.
- **Education planning** is when we help our clients develop a plan for paying for a child’s education, generally after high school. This can include special tax-advantaged investment and savings accounts, strategies for finding financial aid and budgeting cash flow appropriately.
- **Retirement income planning** is a specialized look at a client’s income sources in retirement, which could include Social Security, pensions, annuities, investment income and withdrawals from investment accounts, and determining how to maximize the benefits the clients receive and align the income streams with spending needs over the course of their retirement.
- **Estate planning** refers to intentionally planning who will receive a client’s assets in the event of their incapacitation or death. It can include preparing documents like a last will and testament, advanced health care directive, revocable living trust, beneficiary designation forms and a financial power of attorney. In addition, estate planning often involves life insurance and planning for the minimization of estate taxes.
- **Insurance planning** involves analyzing the need for various forms of insurance the client may need, including property and casualty insurance (homeowners, renters, auto, etc.), life insurance, health insurance, long-term care insurance, disability insurance and other various types. Insurance planning is sometimes referred to as “risk management” because the goal is to reduce the financial risks associated with various situations.
- **Tax planning** is proactively analyzing and implementing strategies to minimize income and estate taxes paid by the client, either now or in the future.

Since not every firm in the financial advisory industry is the same, it’s important to be clear on your firm’s business model and exactly what you do.

Questions to ask your manager:

- What services do we offer clients?
- What’s one of your favorite stories about how we’ve helped a client?
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What are Some Important Roles in a Financial Advisory Firm?

There are several important roles in a financial advisory firm – and they all rely on one another to serve the clients well! Some firms use different names to describe similar functions. Make sure to ask internally about specific job duties, tasks and how you can fit well within a team.

- **Financial advisors or wealth managers** interact directly with the clients. They gather information, develop recommendations and present the recommendations to the clients. They are typically the main person providing advice to and interacting with the client.
- **Financial planners or paraplanners** are specialists who work with financial advisors to develop comprehensive financial plans for their clients. Sometimes the term “financial planner” is used interchangeably with “financial advisor,” but in larger firms the two functions may be separate.
- **Relationship managers** are often on the path to becoming a financial planner or financial advisor. They generally support a financial advisor by acting as a point-of-contact for clients when they have questions between meetings, scheduling and/or attending review meetings, and coordinating service requests.
- **Operations and service professionals** generally handle back-office work for clients like paperwork, client service functions, trading, clerical and administrative tasks. Some operations and service professionals interact directly with clients (typically in smaller firms), but others do not (typically in larger firms).
- **Portfolio managers** execute investment strategies by selecting and managing [securities](#) like stocks and bonds that match the defined investment philosophy and objectives to include in portfolios.
- **Investment analysts** evaluate financial information to help portfolio managers select securities to include in their portfolios.
- **Marketing professionals** help financial advisors communicate with existing and prospective clients. They are important to helping the firm tell its story and bringing in new clients so that the firm can grow.
- **Business finance professionals** manage a firm’s business finances through activities like bookkeeping, budgeting and forecasting. Typical titles are accountant, bookkeeper and controller.
- **Dedicated management roles** provide leadership and management in larger firms. They typically oversee a team of individuals in a given department like sales/advisors, operations, finance or marketing. Typical titles are Chief Executive Officer (CEO), Chief Operations Officer (COO), Director of Operations, Chief Financial Officer (CFO), Chief Marketing Officer (CMO) and Director of Marketing.

To learn more about what typical roles at various sizes of financial advisory firms look like, review our [Sample Org Charts by Firm Size](#) resource.

Questions to ask your manager:

- What roles do we have in our firm, and how do they work together?
- Do we have a formal organizational chart documented?
- What should I do if I'm interested in learning about or moving into a different role in the future?
- What is a typical career path for someone starting in my position in two, five or 10 years from now?
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How Do Financial Advisors Charge for Their Services?

Financial advisors typically charge for their services in two ways: commissions and fees.

- Commissions are service fees that advisors are paid for buying and selling securities and other financial products for clients. In some instances, like brokerage accounts, they can be paid directly by the client, and in other instances, like insurance products, they can be paid by a financial services company. Commissions can be on the initial purchase of securities like mutual funds or annuities, or they can be charged ongoing for conducting transactions within a client's account. [Learn more about commissions here.](#)
- Fees are a flat rate for providing investment management, advice or planning services to a client. Fees can be:
 - » Hourly fees for service; for example, \$250 per hour for financial planning services.
 - » Flat fees for services; for example, \$2,500 to prepare and deliver a comprehensive financial plan.
 - » A percentage of the assets managed by the financial advisor; for example, 1% of assets under management (AUM), which would be \$5,000 per year on a \$500,000 account. Many advisors will provide both financial planning and investment management services wrapped into an AUM-based fee.

- » Ongoing subscription or retainer fees for services; for example, \$200 per month for a set of financial planning deliverables, including regular meetings with the financial advisor and access to advice between meetings.

Financial advisors may be commission-only, fee-only or charge a combination of the two. Different compensation models are subject to different regulatory bodies and organizations. You may be required to pass any number of initial securities or insurance exams based on the compensation model of your firm. [Learn more about advisory fees here.](#)

Questions to ask your manager:

- How do we charge clients for the services we provide?
- Do the services we provide clients change based on what “tier” they are in?
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Who are the Other Important Players in the Industry?

Financial advisors work directly with clients, but there are several other organizations that impact what we do and how we do it.

Financial advisors make investment recommendations to clients, but most do not actually hold their clients’ money. They work with what are known as either third-party custodians, sponsors or carriers who are the organizations that hold the client’s assets and make the investments financial advisors have directed.

- Well-known third-party custodians for brokerage accounts in this industry are Schwab, Fidelity, Pershing and Altruist.
- Sponsors or carriers are the investment or insurance companies we work with to invest a client’s money directly without using a brokerage account.

Financial advisors are either affiliated with a broker/dealer, a registered investment advisor (also known as an RIA) or both. These firms can be thought of as the “back offices” that allow the financial advisor to

conduct business in the industry by providing many of the services needed to deliver services to clients, whether that be executing trades, providing compliance oversight, collecting fees or commissions and paying them to the advisor, and maintaining client information appropriately. Your manager will be able to tell you what broker/dealer and/or RIA you are affiliated with.

- Financial advisors are affiliated with broker/dealers when they are engaged in the buying and selling of securities for a commission. Advisors who are affiliated with a broker/dealer are called “Registered Representatives (RRs)” of that broker/dealer.
- Financial advisors are affiliated with registered investment advisors when they provide financial and investment advice for a fee. Advisors who are affiliated with RIAs are called “Investment Advisor Representatives (IARs)” of the RIA.
- Some advisors are affiliated with both a broker/dealer and an RIA. These advisors are considered to be “dually registered.”

Broker/dealers and registered investment advisors (RIAs) are typically categorized as either “wirehouse” or “independent” firms. Both can be of any size, large or small, national or regional.

- In a wirehouse firm, financial advisors are considered to be employees of the firm. Well-known wirehouse firms are Morgan Stanley, Bank of America’s Merrill Lynch, UBS and Wells Fargo.
- In an independent model, financial advisors are considered to be owners of their own financial advisory business.

Financial advisors may also be licensed to sell insurance – most often life insurance and long-term care insurance. Financial advisors who sell life insurance are regulated by state insurance departments and must be “appointed” with various insurance carriers to sell their products.

- Sometimes financial advisors work with organizations called IMOs (Independent Marketing Organizations) or FMOs (Field Marketing Organizations). These organizations support independent financial advisors by acting as a point of contact between the advisor and insurance carriers and provide training, insurance case design support, case management support and other sales support.

The wealth management industry is highly regulated. The two national regulating bodies who provide oversight for financial advisors are the [Securities and Exchange Commission](#), also known as the SEC, and the [Financial Industry Regulatory Authority](#), also known as FINRA. When you hear people in the industry refer to “compliance” or “compliance departments,” they are generally referring to the functions at broker/dealers or RIAs that ensure firms and advisors are complying with the rules and regulations set forth by these two entities.

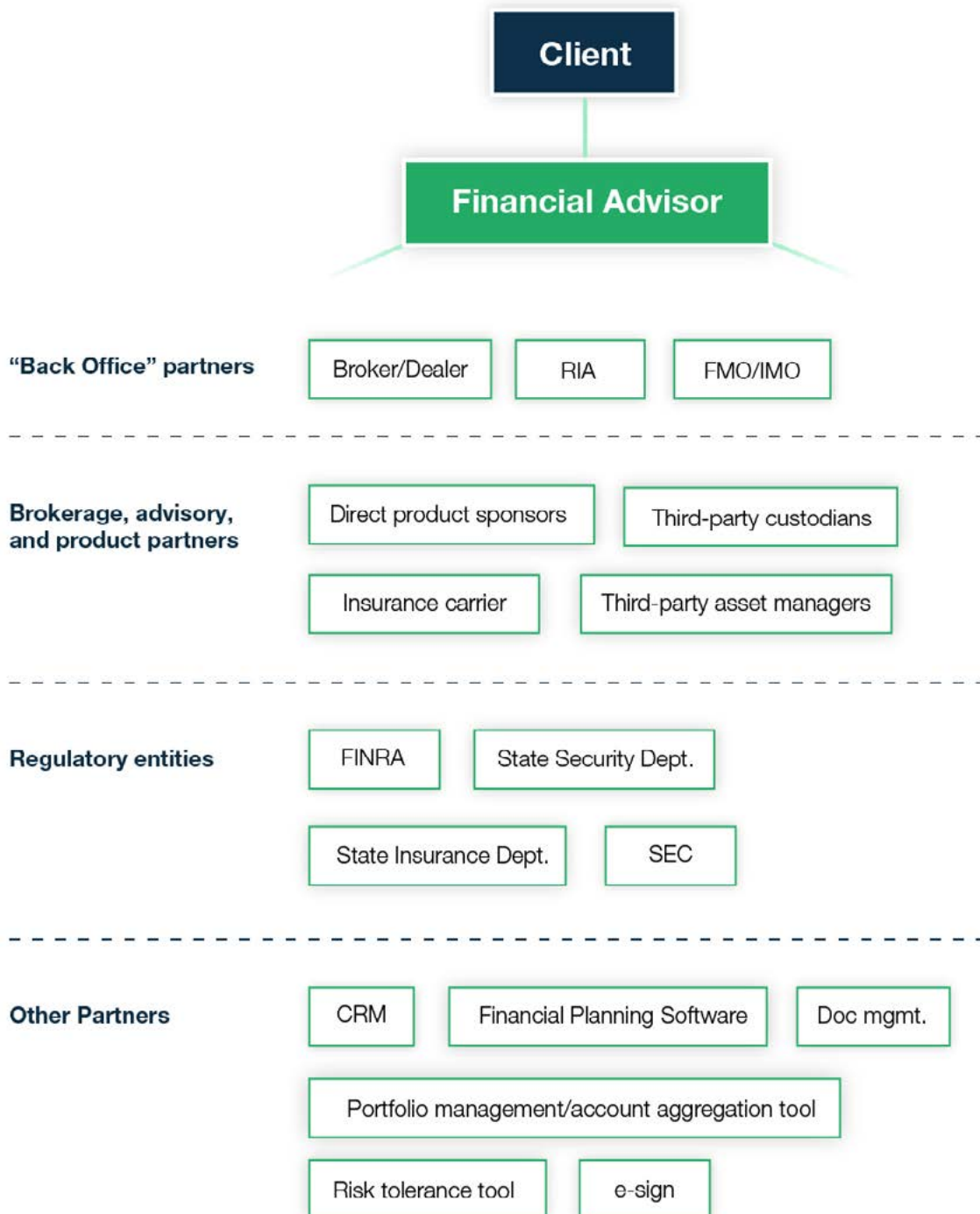
- FINRA creates and enforces the rules that govern U.S. registered brokers and broker-dealers. Financial advisors who are registered with a broker/dealer are subject to FINRA's oversight.
- The SEC is a U.S. government agency created by Congress to regulate the securities markets and protect investors. Financial advisors who are affiliated with a registered investment advisor are subject to the SEC's oversight.
- Registered investment advisor firms who do not meet the minimum requirements of the SEC are regulated by state securities departments.

In addition to the above, clients often interact with the technology financial advisors use, including financial planning software, online client portal technology, risk-tolerance programs and more.

Financial advisors often play the important role of coordinating all aspects of a client's financial life. Many clients also work with other related professionals, including:

- Accountants/CPAs
- Estate planning attorneys
- Attorneys specializing in taxation or small business acquisition
- Insurance agents (property, life, health, Medicare)
- Real estate professionals
- Bankers
- Real estate agents
- Business brokers

It can be confusing to keep these entities straight at first, but you'll have it down in no time. *Here's a quick visual of how these players align with the financial advisor and client.*



Questions to ask your manager:

- Are we affiliated with a broker/dealer, an RIA or both?
- Are we independent or part of a wirehouse?
- Do we work with an FMO/IMO for insurance?
- Who do we use for a third-party custodian?
- Who are the other product sponsors or asset managers that we work with in the investment space?
- What regulatory entities oversee our activities?
- What entities might I need to be in communication with given my role?
- Do we have existing relationships with other affiliated financial professionals (attorneys, accountants, etc.)? How do we evaluate these relationships?
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What Training do Financial Advisors Have?

Although training and experience amongst professionals who use the “financial advisor” term can vary widely, many have some combination of licenses and designations. [Check out this video to learn a little more about the different titles financial advisors may use.](#)

- Licenses are obtained when an advisor passes a qualification exam delivered by a regulating entity, like FINRA and state insurance departments. Licenses are required for financial advisors to conduct business, whether that be buying and selling securities, selling insurance products or providing financial and investment advice.
- Designations are obtained when advisors complete training programs, and often include other requirements like passing a knowledge exam and/or meeting experience requirements. Designations are not necessarily required to do business in our industry, but they can act as an important signal to clients about the advisor’s knowledge and expertise in a given area.

Each license a financial advisor holds gives them the ability to do different activities. Common licenses for financial advisors and others in our industry include:

- **FINRA Securities Industry Essentials (SIE)** – this demonstrates an individual’s knowledge of basic industry information and can be taken without being associated with a firm. This exam is now required in addition to other FINRA exams listed below to obtain the various registrations.
- **FINRA Series 99** – demonstrates the competency of individuals in basic operations activities, including customer onboarding, receipt and delivery of securities and funds, transfers and more.
- **FINRA Series 65** – qualifies individuals to provide investing and general financial advice to clients. The Series 65 is required for state or federally registered investment advisory firms.
- **FINRA Series 66** – a state-specific license that allows individuals to act as financial advisors and transaction coordinators for securities-based products. The Series 66 is required for dual registered firms – those that charge fees and sell commissionable products.
- **FINRA Series 6** – qualifies individuals for the sale of investment company and variable contracts, including mutual funds and variable annuities.
- **FINRA Series 7** – qualifies individuals for the solicitation, purchase and/or sale of all securities products, including corporate securities, municipal fund securities, options, direct participation programs, investment company products and variable contracts.
- **FINRA Series 63** – qualifies individuals to sell securities in a specific state.
- **Life and health insurance** – qualifies individuals to sell life and long-term care insurance in a specific state. States have specific rules, license types and exam forms.

While many of these exams require the individual to be affiliated with a sponsoring firm, as of 2022 a student can take the SIE, 63, 65 or 66 without a sponsoring firm.

The Certified Financial Planner® designation is one of the most common and best-known designations in the wealth management industry. There are four components to the requirements for financial advisors to receive the designation:

- **Education** – a two-part requirement that includes both completion of financial planning coursework through a CFP Board Registered Program and holding a bachelor’s degree or higher from an accredited college or university. Candidates must also complete a capstone course as part of their education requirement.

- **Exam** – candidates must pass an extensive 170-question examination that consists of two 3-hour sessions over one day.
- **Experience** – candidates must complete either 6,000 hours of professional experience related to the financial planning process, or 4,000 hours of apprenticeship experience that meets additional requirements set forth by the CFP Board.
- **Ethics** – candidates must agree to adhere to high ethical and professional standards.

Other common designations include:

- [RICP – Retirement Income Certified Professional](#)
- [ChFC – Chartered Financial Consultant](#)
- [CFA – Chartered Financial Analyst](#)
- [CLU – Chartered Life Underwriter](#)
- [CDFA – Certified Divorce Financial Analyst](#)
- [RLP – Registered Life Planner](#)
- [PFS – Personal Financial Specialist](#)
- [AFC – Accredited Financial Counselor](#)

FINRA maintains a [comprehensive list of industry designations](#). Both licenses and designations generally require ongoing continuing education (CE) to maintain their active status.

Questions to ask your manager:

- How did you get into the industry?
- What licenses or designations are required of advisors at our firm?
- What license or designation might I consider working toward?
- Does our firm pay for licensing and designations?
- What designations are often held by firm associates? When would you suggest I begin studying for them?
- How do associates fulfill continuing education requirements?
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What Investment Options do Financial Advisors Recommend to Clients?

There are a number of investment options that financial advisors may recommend to clients, including:

- Individual securities like [stocks](#) or [bonds](#)
- [Mutual funds](#)
- [Exchange-traded funds \(ETFs\)](#)
- [Real estate investment trusts \(REITs\)](#)
- Annuities, whether [fixed annuities \(FAs\)](#), [variable annuities \(VAs\)](#) or [indexed annuities \(IAs\)](#)
- [Alternative investments](#)

Often, financial advisors recommend model portfolios, where a client's assets are invested in multiple investment options (whether ETFs, individual securities or mutual funds) designed to provide a diversified portfolio that aligns with a client's stated investment objective. Common investment objectives are growth, income, tax minimization and preservation of capital.

Financial advisors sometimes outsource their investment management function to third-party asset managers (TPAMs) who have deep expertise in analyzing markets and individual securities.

Financial advisors use various factors to determine which investment options to recommend to clients, including their annual income, net worth, timeline to withdraw the money and [risk tolerance](#). The alignment of the client profile and recommended investments is sometimes referred to as “suitability.”

Questions to ask your manager:

- What is our investment philosophy?
- How do we determine which investments we recommend to clients?
- What types of securities do we recommend to clients?
- How should I learn more about the investments we use in our firm?
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What Technology Systems do Financial Advisors Use?

There are many technology systems that financial advisory firms use. You may hear this category referred to in industry publications as “FinTech.” Here are a few common ones:

- **Client relationship management (CRM) systems:** These programs are often the “hub” of financial advisor technology systems. First and foremost, they maintain important data about clients and prospects, including names, contact information, identification information and more. In addition, they generally track previous and upcoming meetings and activities with each client and prospect, including notes from each meeting and contact the firm has with the client and prospect. They often include “workflows,” which are standardized processes that need to be completed for clients and prospects given various scenarios. Common CRM systems in our industry are Wealthbox, Redtail and Salesforce, although there are many others available.

- **Financial planning software:** These programs allow financial advisors to enter client profile data, financial information and client goals, then run various scenarios using hypothetical data to make financial recommendations to clients. Common financial planning tools include eMoney, NaviPlan and Envestnet MoneyGuide, but there are many more available.
- **Specialized financial planning software:** Programs like Asset Map, Income Lab and College Aid Pro add specific and specialized functions that may not be offered in larger, general platforms. These tools might benefit a firm based on their model client.
- **Risk tolerance software:** These programs give financial advisors a standardized process to assess client risk tolerance before making recommendations.
- **Investment analytics software:** These programs provide financial analysts and financial advisors with the information needed to evaluate and compare various investment options, whether they be individual securities, mutual funds or ETFs.
- **Mass email system:** These programs allow financial advisors to send out emails to large lists of clients and prospects and track data points like open rate and click-through rate. They are often used for sending newsletters, event invitations or market updates. It's important that emails sent through these systems are approved by compliance prior to sending.
- **Custodian portal:** Third-party custodians generally offer their own online portal for advisors. These portals allow financial advisors and their teams to view client accounts, including investment holdings and balances, request withdrawals for their clients, monitor the status of incoming and outgoing transfers, look up account statements and place trades for clients.
- **Portfolio management/rebalancing software:** These tools allow advisors to calculate and place mass trades across many client accounts. They are often used when advisors have developed model portfolios and need to make changes to holdings within the models.
- **Portfolio accounting system (PAS):** These systems are used by RIAs and integrate with third-party custodians to download and reconcile client accounts and trades daily. Most PAS programs have many other functions, including calculating account performance, quarterly client statement generation, model portfolio management, rebalancing, advisory fee calculation and billing and more.
- **Form preparation and management software:** These software programs allow financial advisory firms to quickly and accurately complete new account and service forms by pre-filling needed documents with client information stored in a central database, whether that be the forms management software itself or an integrated CRM system.
- **E-Signature software:** These programs allow financial advisory firms to collect electronic client signatures on forms like new account and service paperwork, speeding up the process of collecting signatures and submitting paperwork for processing.

- Ideally, as many technology tools as possible “integrate” with each other, meaning they pass data back and forth. This reduces duplicate data entry, saving time and ensuring more accurate data. There are many more technology tools that financial advisory firms use. To learn more, check out the [Financial Advisor FinTech Solutions Map](#) from Kitces.com, a great tool for keeping up with the latest technology options in our industry.

Questions to ask your manager:

- What are the main technology systems we use in our firm?
- How do the various technology systems we use integrate with each other?
- Who makes decisions about what technology we use at our firm?
- What technology programs do our clients interact with?
- What software will I primarily use in my role?
- Where can I find training on the software I will use, and who can I go to if I have questions?
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What are Important Steps in Opening Investment Accounts for Clients?

When opening accounts, it’s very important that the account paperwork is accurate. The specific paperwork requirements will vary by custodian, broker/dealer, registered investment advisor, product company, account title and other items, so check with your firm’s broker/dealer or RIA to learn more about what you will need to submit for each type of account.

Many operations professionals maintain documentation that outlines which forms are needed for which combination of account details. The information in this section also applies to other financial accounts your firm may open for clients, including annuities or banking accounts.

The first step is to determine which type of account this will be. Three main options are:

- **Direct** – direct accounts are set up directly with a product sponsor like a mutual fund or annuity company.
- **Brokerage** – brokerage accounts are set up with a third-party custodian and allow the clients to buy and sell various securities. Advisors can place trades in these accounts, but only with the client's approval. Commissions can be charged on these trades.
- **Advisory** – advisory accounts are brokerage accounts set up with a third-party custodian, but in these accounts the clients have signed an "Investment Management Agreement" that allows the advisor to make discretionary trades on their behalf.

One common form, regardless of the type of account, is the New Account Form. This form collects important information about the client, the account purpose and other account specifics.

- **Account owner** – this refers to the individual(s) or entity that retains ownership interest in the account.
- **Registration type** – a detail closely related to the account owner(s). It is important that this be marked correctly, as it designates which specific category of account it is and can have tax and legal ramifications for the clients. Examples of account registration types are:
 - » Individual
 - » [Individual Transfer on Death \(TOD\)](#)
 - » [Individual Retirement Account \(IRA\)](#)
 - » [Roth IRA](#)
 - » [SEP IRA](#)
 - » [SIMPLE IRA](#)
 - » [401\(k\), 403\(b\) or 457 Plan](#)
 - » [Joint Tenancy](#)
 - » [Joint Tenants with Right of Survivorship \(JTWROS\)](#)
 - » [Joint Transfer on Death \(JT TOD\)](#)
 - » [Trust](#)
 - » [529 Plan](#)
 - » [Uniform Gift to Minors Act \(UGMA\)](#)

- **Account title** – this combines the account owner(s) and the registration type in a text format. For example:
 - » John and Jane Smith JTWROS
 - » Jane Smith IRA
 - » Jacqueline Carter Revocable Trust DTD 1/5/2021, Jacqueline Carter Trustee

In addition to the above, most new account forms will require gathering client contact and identification information, financial profile information and investment objectives. It is important that the new account form be completed accurately before being signed by clients and submitted to the custodian or product sponsor.

After opening the account, the new investment account must be “funded.” The method of funding the account will be determined by the advisor and client and may require additional paperwork, like transfer request forms. Typical methods of funding the account include:

- **Check deposit** – the client writes a check for deposit in the account. Generally, financial advisors do not accept actual cash for deposit.
- **Account rollover** – requesting a check from the current custodian of the account. This is often used when rolling over a workplace retirement account like a 401(k) to an individual retirement account (IRA).
- **Automated Customer Account Transfer Service (ACATS)** – a direct transfer of assets including cash and securities from one custodian to another.
- **Change of broker/dealer or advisor** – this is used when the account will remain at the current custodian or product sponsor, but the client wishes to change the advisor associated with the account.
- **Outgoing firms’ requirements** – outgoing firms, which are those that are transferring assets into new accounts, may have systems or processes that require additional work on the part of the client. A firm may require the client to obtain a notary, signature guarantee or fill out additional paperwork prior to transferring assets.

Clients sometimes have recurring withdrawals or deposits to their investment accounts through the Automated Clearing House (ACH) system. There are often separate forms to set up these instructions with the custodian or product sponsor.

Once a brokerage or advisory account is open and funded, it is likely that the account will need to be traded to be in alignment with the investment recommendations made by the advisor. It is important that the operations professional who opens the account monitors the status and notifies the advisor and/or trader when the account is funded so that it may be traded in a timely manner.

Questions to ask your manager:

- How do advisors at our firm request that new account paperwork be generated?
- Who is responsible for preparing paperwork at our firm?
- What are the steps for opening new accounts at our firm?
- Can you explain to me the different registration types and when to use each?
- What processes do we have in place to ensure accuracy on opening and transferring assets into accounts?
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What Happens After Someone Becomes a Client?

The first step to becoming a client of a financial advisory firm is generally to open new accounts, although for financial advisors who charge a fee to develop a financial plan, the relationship may begin with a financial planning agreement. Before signing any paperwork, prospective clients should be provided with the appropriate disclosures, agreements and [prospectuses](#) to review ahead of time.

After the client signs new account paperwork, the advisory firm goes to work submitting the paperwork, monitoring it through the transfer process and trading the account when it arrives. During this time, clients may receive a number of notifications in the mail about new accounts being opened, assets transferring out of the old accounts and trades being placed in their new account. This is normal and an important part of keeping clients' assets safe by preventing fraud.

Financial advisors meet with clients on a regular basis for review meetings. In these meetings, financial advisors review the clients' situation, make any adjustments needed to their financial plan, review the performance of their investment accounts and suggest actions for the clients to take to keep on track for their financial goals. After the review meeting, the financial advisor documents notes from the meeting in the CRM and submits requests for the rest of the team to complete follow-up activities.

As a result of review meetings, or during the normal course of business, several service items may need to be handled for clients. Common service activities include:

- Client address changes
- [Beneficiary](#) changes
- Calculating and processing [required minimum distributions \(RMDs\)](#) for individual retirement accounts (IRAs)
- Setting up automatic distributions (withdrawals) or automatic investments (deposits) for accounts
- Processing one-time withdrawals from accounts
- Adding funds to an existing account, whether annual IRA contributions, rollovers from workplace retirement accounts or check deposits into non-retirement accounts
- Processing trades in a client account
- Conducting account research for historical trades, withdrawals/deposits or asset cost basis

It's important to highlight how important it is for us to be vigilant in protecting clients and their money. The financial advisory industry is a target for criminals who try to trick clients or financial advisory firms into sending money to accounts that do not belong to the clients. **Always verify you are talking to the client directly when assisting them with service issues.**

Although many mistakes in our industry can be fixed, some can be costly for the firm, or in some cases, the clients. It's important to take your time and double-check paperwork, trade orders and similar items before submitting them for processing. If you're in doubt, it's best to check with the financial advisor or ask another team member to confirm. If you discover a mistake was made, bring it to the attention of your manager as soon as possible to minimize financial damage to the firm or end clients.

Questions to ask your manager:

- What does "a year in the life of a client" at our firm look like?
- How often do we meet with clients for reviews?
- What do we cover in client review meetings?
- What is expected to prepare for client meetings?
- Who requests client service tasks be completed?

- What are the most common service issues that we handle?
- What are the most common mistakes that are made in my role, and what should I know to avoid them?
- Who should I ask if I'm unsure of how to handle a client service issue?
- What should I do if a client gets angry or makes a complaint?
- What types of clients are best suited for our services?
- How do I document communications, phone calls and emails received from clients?
- _____
- _____
- _____
- _____

What Do I Need to Know About Compliance Rules and Regulations?

Compliance departments and individuals in compliance roles play an important role in our industry. As much as financial advisors “love to hate” compliance, it helps them stay in line with current rules and regulations so they both do the right thing for clients and stay out of regulatory trouble.

Depending on the type of firm an advisor is associated with, the type of account they are making recommendations for and any other designations that they hold like the CFP®, an advisor may be considered to have a “[fiduciary duty](#)” to their clients. This means that they must put the clients’ best interest ahead of their own. Registered investment advisors have a fiduciary duty to their clients, but registered representatives of broker/dealers sometimes must only meet a “suitability standard,” which does not require them to put the clients’ interests ahead of their own.

When advisors are “dually registered,” things can get tricky, which is why you will see advisors that disclose “[conflicts of interest](#).” A common disclosure in this area is that an advisor who is an IAR of an RIA has a “potential conflict of interest” because they are also licensed to sell commissionable products through a broker/dealer or insurance agency.

In most firms, marketing materials, including websites, brochures, advertisements, blog posts, videos, business cards, social media posts and form letters and emails, must be submitted to a compliance

department for review and approval before use. Make sure you know and follow the rules about marketing materials in your firm.

Financial advisors must be careful in marketing themselves to prospective clients so as not to mislead consumers. There are specific rules provided by FINRA and the SEC around communicating with the public. Financial advisors and firms must take care to not be [promissory](#) in their marketing and sales materials, which means there are often “qualifier” words used – for example, “financial planning may help you achieve your goals” instead of “financial planning helps you reach your goals.” Essentially, we want to state that desired outcomes are possible, not that they are certain. In addition, advisors often include a number of disclosures on marketing and sales literature. If you are going to be responsible for marketing activities in your role, make sure you understand the rules and regulations surrounding communications with the public.

There are several ongoing compliance requirements for people working in this industry – things like continuing education (CE), anti-money laundering training, review of the firm’s policies and procedures, personal transaction and political contribution reporting, and more. Each firm is different, so make sure to understand what is required of you on an ongoing basis.

In the event of a client dispute, notes from the CRM system and client files may be shared. So be mindful about what you put in official client notes!

Part of complying with industry regulations involves reviewing and archiving all incoming and outgoing communications with clients, so be aware that your company email account is monitored and should not be used for personal communications. Firm social media accounts (and professional accounts of financial advisors) are also archived and monitored.

Financial advisors are subject to examinations by regulatory entities, like FINRA, the SEC and state insurance and securities departments. You may also hear of these referred to as “audits.” In these examinations, representatives from the regulatory agency review an advisor’s business, including their [“books and records,”](#) to ensure the advisor is complying with appropriate rules and regulations. As part of regular oversight, broker/dealer and registered investment advisor firms will also conduct regular audits of financial advisors and their offices.

If your firm has an independent broker/dealer affiliation, you may be, or be affiliated with, an Office of Supervisory Jurisdiction (OSJ). This is a branch office that has supervisory responsibilities for other branch offices of the broker/dealer. The OSJ office may be responsible for reviewing new accounts and marketing materials, maintaining central files and conducting annual audits.

Questions to ask your manager:

- What compliance rules should I be aware of in my role?
- What ongoing compliance requirements am I subject to?
- What examinations and audits are we subject to?
- What would my involvement be in an examination or audit?

- _____
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Other Important Information

As many financial advisors offer investment management services, it's important to be aware of trading hours and market holidays for the two major stock exchanges, the New York Stock Exchange (NYSE) and the Nasdaq. Many financial advisory firms align their hours and holidays with the market hours and holidays.

- Core trading hours for both open at 9:30 a.m. Eastern Time and close at 4 p.m. Eastern Time.
- Markets observe 10 holidays:
 - » New Year's Day
 - » Martin Luther King Jr. Day
 - » Washington's Birthday
 - » Good Friday
 - » Memorial Day
 - » Juneteenth
 - » Independence Day
 - » Labor Day
 - » Thanksgiving Day
 - » Christmas Day

In addition, markets often close at 1 p.m. Eastern Time the day before Independence Day, the day after Thanksgiving and the day before Christmas. [You can check market holidays and hours here.](#)

The financial advisory industry historically used business professional dress codes. Many firms have since relaxed their dress codes to business casual or “dress for your day,” so check to make sure what is appropriate in your firm. [Here’s a quick video that gives a visual of the difference between business professional and business casual attire.](#) Even in casual work environments, it’s best to avoid wearing T-shirts, jeans with holes in them, casual open-toed sandals like flip-flops and similar attire unless you’ve been told otherwise that they are acceptable.

Firm culture varies dramatically, but even the most casual of firms expects associates to act professionally. If you ever are not sure about culture, ask!

Questions to ask your manager:

- Do we follow the market holiday schedule for being closed?
- What are normal business hours? Do we have summer hours or anything different?
- What is our dress code?
- What can you share about our culture to help me be successful?
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- _____
- _____
- _____

Helpful Links

- [FINRA's BrokerCheck](#) is an online tool that helps consumers research the background and experience of financial advisors, brokers and firms. Reports include current and previous firm affiliations, examinations passed, state licenses and disclosures. Disclosures are generally negative records including customer complaints, arbitrations and disciplinary actions from firms and regulatory bodies.
- [Dictionary on Investopedia.com](#) is a great resource with industry terminology you can refer to at any time. We've included a list of the most relevant terms at the end of this training guide.
- [Carson Coaching Online](#) is an online learning and resource hub that can help you do your job well. We have online courses on everything from marketing to leadership to operations and beyond, plus thousands of downloadable resources, templates, tools and videos. We've included a few recommended courses in this guide.
- [The CFP Board](#) oversees the Certified Financial Planner® designation, and their website is a great resource for keeping up to date with the latest research on the profession.
- The [Financial Advisor FinTech Solutions Map](#) from Kitces.com is a fantastic resource to keep bookmarked, as it helps you stay on top of the latest technology offerings that can help your firm be more effective.
- The [National Insurance Producer Registry \(NIPR\)](#) is a central location for advisors who sell insurance to review state license requirements, review CE requirements and apply for and renew their licenses in each state.

Questions to ask your manager:

- What resources should I know about to help me be successful in my role?

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Coach Tips

The executive business coaches at Carson Coaching shared the following “success tips” for people who are new to our industry:

- Remember, this industry is about helping people live better lives! If you like people and want to help, you’re in the right industry. The next step is aligning with a firm that helps you live your “why,” which hopefully you have done, but if you find that you haven’t, don’t give up on the industry altogether!
- Get on email newsletter lists for the [FPA](#), [Investment News](#), [ThinkAdvisor](#), [wealthmanagement.com](#) and any others that might be useful to you to stay on top of industry news and changes.
- Make sure to use any professional development funds available to you.
- Attend at least one industry conference annually.
- Get into a study group or mastermind with others in a same/similar role that meets at least monthly to talk best practices, challenges and opportunities.
- Reach out to people in your role at top-performing firms that are larger than yours (or that are where you want to be in 5-10 years) and meet with those people to ask for advice and what’s working and “how they’ve been successful.”
- Work through the Carson Coaching [Blueprinting Guide](#) to help you create a compelling vision and set personal goals.
- Review your goals at least once weekly.
- Work on your MINDSET – it’s AT LEAST 80% of the success you’ll experience in any endeavor!

If possible, attend our online webinars and the annual Excell conference to continue to grow your knowledge and professional network!

Recommended Carson Coaching Online Courses

Now that you have an understanding of industry basics, we'd recommend the following courses available through Carson Coaching Online to further your knowledge and effectiveness. Ask your firm for login information.

- Course: "[Time Management](#)"
 - » Strategies and tips for maximizing personal effectiveness
- Course: "[Maximizing Advisor Productivity](#)"
 - » What an efficient advisor spends their time doing (and how others' work enables it)
- Course: "[Systemize Your Firm](#)"
 - » Processes and systems to support a thriving business
- Course: "[Delivering a World-Class Client Experience](#)"
 - » Ways in which firm interfaces/impacts the client relationship
- Course: "[CX \(Client Experience\): Service](#)"
 - » How to provide excellent client service
- Course: "[CX: Client Onboarding](#)"
 - » Process and communications for bringing on a new client
- Course: "[CX: Client Reviews](#)"
 - » How to conduct an efficient and effective client review meeting
- Course: "[Organizational Design as a Foundation for Growth](#)"
 - » Roles and staffing of a typical practice – who does what

Recommended Reading and Other Resources

- Book: ***Start With Why***, by Simon Sinek – the importance of our personal “why” aligning with what we do for a living.
- Book: ***Atomic Habits***, by James Clear – easy, practical tips to make one’s life easier.
- Book: ***The Richest Man in Babylon***, by George Samuel Clason.
- Book: ***Proven in the Trenches***, by Ron Carson – best strategies to grow a thriving practice
- Book: ***G2***, by Phillip Palaveev – for younger people aspiring to be an advisor.
- Book: ***Attract Your Potential***, by J.J. Peller – inspiring guide for manifesting your best life.
- Book: ***Storytelling for Financial Advisors***, by Mitch Anthony – how to talk about “what you do” and engage versus sell.
- Podcast: Dominique Henderson’s “[Conversations for Financial Professionals](#)” – his Jumpstart Community is designed specifically for career changers and people new to the profession.
- Podcast: “[So You’re a Financial Planner...Now What?](#)” – Library of past episodes has great information on breaking into the profession.
- Podcast: Jamie Hopkins and Ana Trujillo Limon’s “[Framework](#)” podcast – entertaining weekly interviews with advisors and industry insiders on thought-provoking current topics.
- Blog: [Carson Group](#) – articles on topics relevant to financial advisors, including leadership, practice management and financial planning.
- Blog: “Nerds Eye View” on [Kitces.com](#) – articles on topics relevant to financial advisors, including leadership, practice management and financial planning.
- Exam Prep: Investopedia reviews their top picks for [SIE examination prep](#) programs.

List of Relevant Industry Terms

The [Dictionary compiled by Investopedia](#) is an excellent resource for those new to the industry. Below, we've listed the terms most relevant to the financial advisory industry with links to the definitions on Investopedia. We would recommend reviewing this list over time to improve your knowledge of industry terms. You can also subscribe to the Investopedia "[Term of the Day](#)." *Carson Coaching is providing this list as a convenience for our coaching members and does not own or control the content on third-party sites in any way.*

[1031 Exchange](#)

[401\(k\) Plan](#)

[403\(b\) Plan](#)

[457 Plan](#)

[529 Plan](#)

[Advisor Fee](#)

[Advisory Account](#)

[Alternative Investment](#)

[Annuity](#)

[Asset](#)

[Assets Under Management \(AUM\)](#)

[Automated Clearing House \(ACH\)](#)

[Balance Sheet](#)

[Bear Market](#)

[Beneficiary](#)

[Beneficiary IRA](#)

[Bond](#)

[Bond Ladder](#)

[Broker/Dealer \(B/D\)](#)

[Brokerage Account](#)

[Budget](#)

[Bull Market](#)

[Capital](#)

[Certificate of Deposit \(CD\)](#)

[Certified Divorce Financial Analyst \(CDFA\)](#)

[Certified Financial Planner \(CFP\)](#)

[Chartered Financial Analyst \(CFA\)](#)

[Chartered Financial Consultant \(ChFC\)](#)

[Chartered Life Underwriter \(CLU\)](#)

[Checking Account](#)

[Commission](#)

[Commodity](#)

[Compound Interest](#)

[Cryptocurrency](#)

[Custodial Account](#)

[Custodian](#)

[Disability Insurance](#)

[Distribution](#)

[Diversification](#)

[Dividend](#)

[Dow Jones Industrial Average \(DJIA\)](#)

[Due Diligence](#)

[Earnings Per Share \(EPS\)](#)

[Employee Stock Ownership Plan \(ESOP\)](#)

[Environmental, Social, and Governance \(ESG\) Criteria](#)

[Equity](#)

[Estate Planning](#)

[Exchange-Traded Fund \(ETF\)](#)

[Fiduciary](#)

[Financial Plan](#)

[Financial Statements](#)

[FINRA](#)

[Fixed Annuity](#)

[Fixed Income](#)

[Gross Income](#)

[Health Savings Account \(HSA\)](#)

[High Net Worth Individual \(HNWI\)](#)

[Income](#)

[Income Statement](#)

[Individual Retirement Account \(IRA\)](#)

[Inflation](#)

[Insurance](#)

[Insurance Premium](#)

[Interest Rate](#)

[Investment Management](#)

[Irrevocable Trust](#)

[Joint Tenancy \(JT\)](#)

[Joint Tenants With Right of Survivorship \(JTWROS\)](#)

[Know Your Client \(KYC\)](#)

[Liability](#)

[Liability Insurance](#)

[Limited Liability Company \(LLC\)](#)

[Limited Partnership \(LP\)](#)

[Long-Term Care \(LTC\) Insurance](#)

[Money Laundering](#)

[Money Market Account](#)

[Mutual Fund](#)

[Nasdaq](#)

[Net Income](#)

[Net Worth](#)

[New York Stock Exchange \(NYSE\)](#)

[Pension Plan](#)

[Permanent Life Insurance](#)

[Property and Casualty \(P&C\) Insurance](#)

[Prospectus](#)

[Qualified Retirement Plan](#)

[Real Estate Investment Trust \(REIT\)](#)

[Registered Investment Advisor \(RIA\)](#)

[Registered Life Planner \(RLP\)](#)

[Required Minimum Distribution \(RMD\)](#)

[Retirement Income Certified Professional \(RICP\)](#)

[Revocable Trust](#)

[Roth 401\(k\)](#)

[Roth IRA](#)

[Russell 2000 Index](#)

[S&P 500 Index](#)

[Savings Account](#)

[Security](#)

[Securities and Exchange Commission \(SEC\)](#)

[Social Security](#)

[Stock](#)

[Taxable Income](#)

[Term Life Insurance](#)

[Transfer On Death \(TOD\)](#)

[Treasury Bills \(T-Bills\)](#)

[Treasury Inflation Protected Security \(TIPS\)](#)

[Trust](#)

[Trustee](#)

[Underwriting](#)

[Unearned Income](#)

[Uniform Gifts to Minors Account \(UGMA\)](#)

[Uniform Transfers to Minors Act \(UTMA\)](#)

[Universal Life Insurance](#)

[U.S. Savings Bonds](#)

[Variable Annuity \(VA\)](#)

[Wall Street](#)

[Wealth Management](#)

[Whole Life Insurance](#)

[Wire Transfers](#)

[Withholding Allowance](#)

[Withholding Tax](#)

[Year Over Year \(YOY\)](#)

[Year to Date \(YTD\)](#)

[Yield](#)