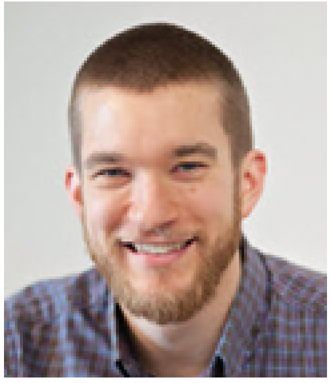
9 keys to building a practice focused on next-gen investors



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Are you ready to dive in and serve the next generation of investors? Gen X and Gen Y (also known as Millennials) have very different financial planning needs and outlooks compared with baby boomers and high-net-worth clients.

Alan Moore, founder of a successful RIA firm and co-founder of the XY Planning Network (and a Millennial himself), believes that building a successful practice focused on serving younger investors calls for a complete redesign of the way you do business. Working with younger investors requires a firm to rethink its processes and structures—from offering new services and young advisors to overhauling fee structures, engaging in digital marketing, and demonstrating tech savvy. Technology enables this group to move at a lightning-fast pace, and they have an expectation that your processes can keep up with them. Moore offers nine key steps for taking the plunge:

1. **Be "all in" and ready to change the way you work.**
   According to Moore, serving this group requires dedication in order to be successful. "If you are not fully prepared to do it, stop," Moore cautions. 'You don't have to do this. You can keep serving your clients in the amazing way that you've been serving them; but if you want to do this, it's going to require a full commitment."
2. **Know what they don't want.**
   They're not interested in what you do for baby boomer clients—retirement, tax and estate planning, Social Security analyses, and time-intensive investments.
3. **Focus on what they do want, and have a service model that suits their needs.**
   Younger clients are worried about college loan repayment and other forms of debt. They're experiencing big life changes such as marriage, starting families, and starting businesses. They want to live life in the now with travel and mini sabbaticals—and they want advisors who can develop a plan designed to help find the income and generate the savings to help meet their goals.
4. **Offer specialized services around interest areas and needs.**
   Next-gen investors value guidance on college loan repayments, salary negotiations, lifestyle design, and travel rewards. They'll pay for these solutions and recommend you to their friends and colleagues.
5. **Recruit and retain young advisors.**
   Gen X and Gen Y investors want to work with their peers, or at a minimum, with advisors they can relate to and who understand their life stage. Your firm's staff and office should reflect a younger vibe. Recruit college graduates in financial planning by giving them the opportunity to work with young clients from day one. Mentor them, invest in their development, and seek their input with clients.
6. **Be a digital marketer.**
   Next-gen clients will check you out online, even if they receive a referral from a peer. Invest in a search-engine-optimized website that appeals to young investors, and employ some of the tactics that can give you more visibility, like blogs, podcasts, social media, and e-newsletters.
7. **Hold 21st-century meetings.**
   Be willing to meet virtually and to offer in-person meetings outside of regular business hours.
8. **Use more technology and less paper.**
   Young investors conduct business online. Use PDFs, digital signatures, cloud-based financial reporting tools, online document sharing tools, and budgeting software.
9. **Adopt a monthly fee and fee-for-service model.**
   It's simple, it's transparent, and it works. Young investors don't yet have the assets to justify an AUM-only fee model. Advisors can be profitable using a combination of modest monthly fees, fees for specific services, and 1% of AUM with no asset minimum.