

# Advisor Wellness

*The pandemic's impact on career satisfaction and sense of well-being*

## INSIGHTS FROM A NATIONAL RESEARCH STUDY OF ADVISORS

### Key Findings

- Advisors continue to enjoy high levels of satisfaction with their jobs, their lives and their work-life balance. Overall, 81% say they like their job better than the average person, up from 79% in 2018.
- Advisors' stress levels, although high, were largely unchanged from 2018 and were similar to those of the overall population.
- Female advisors reported stress levels significantly higher than male advisors and the national average. Female advisors found maintaining work-life balance and having to wear multiple hats particularly stressful.
- Leading sources of stress in 2020 differed from those in 2018, with political uncertainty, regulatory issues and client relationships overtaking the state of the markets.
- Exercise remained the primary means of coping with stress, but FlexShares research has shown workplace measures such as delegation to be more effective.

This paper details the results of FlexShares' third and latest Advisor Wellness Survey, conducted in late 2020. The work builds on research first performed in the fall of 2017, when we conducted the first national survey designed to provide deep understanding of stress and wellness among financial advisors. Our goal was to generate insights that could help advisors live better, more-productive, more-satisfied lives. An overwhelmingly positive reception to this initial study led to a follow-up survey in the fall of 2018. This body of research, compiled over time, offers valuable insights into current advisor stresses and coping mechanisms, as well as useful comparisons to advisors' feelings and challenges in previous years.

Of course, 2020 differed markedly from previous years due to the cataclysmic spread of Covid-19. Fortunately, the pandemic's impact on the advisory industry was relatively modest overall. Most financial advisors in our survey didn't perceive the pandemic to be a threat to their business, and majorities reported net increases in clients and assets under management. The market's powerful rebound likely helped to insulate advisors from the worst economic consequences of Covid-19, as did the fact that the advice business serves affluent segments of the population that generally were least affected by the pandemic.

Despite Covid-19, political crisis and social unrest, advisors on the whole reported overall levels of stress and wellness very similar to those in previous studies. They also continued to report relatively high levels of satisfaction with their occupation, their lives, and their work-life balance—suggesting that financial advice continues to be a satisfying and attractive occupation for people prepared for its unique challenges and stresses.

That said, women advisors reported considerably higher levels of stress than their male counterparts. Since financial advice firms face a looming shortage of advisors in coming years, and particularly need to recruit and develop women and minority advisors, we hope the findings of this survey help firms to understand the drivers of advisor stress and wellness now and after the pandemic, and to use that knowledge to attract and retain talent.

## IMPACT OF THE PANDEMIC

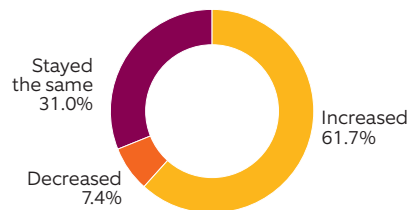
We sought to learn how the intense and unpredictable events of 2020 affected financial advisors' stress, well-being and work life. We found that advisors on average held up remarkably well.

### Surprising positives

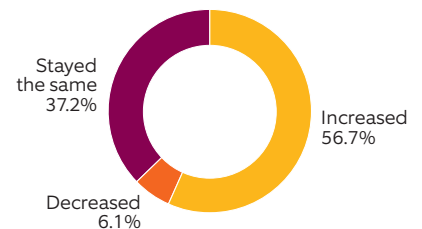
The financial advice business was largely insulated from the economic effects of the pandemic. In fact, almost 62% of financial advisors in our survey reported net increases in assets under management (AUM), and 57% reported an increase in the number of clients served. Only 7% reported a decline in assets and 6% a decline in clients.

*Overall, the events of 2020 appeared to have a neutral effect on advisors' work-life balance.*

CHANGE IN AUM SINCE START OF PANDEMIC



CHANGES IN CLIENTS SINCE START OF PANDEMIC



Aspects of the pandemic also seemed to have positive repercussions on other parts of advisors' lives. These silver linings included increased time with family (51%), time for advisors to rethink their business model or role (46%) and a guilt-free reason not to see people (39%). Approximately a third of respondents said the pandemic provided a renewed sense of purpose in their work, time for personal pursuits and a better work-life balance. Overall, the events of 2020 appeared to have a neutral effect on advisors' work-life balance.

### Silver linings include:

**51%**

Increased time with family

**46%**

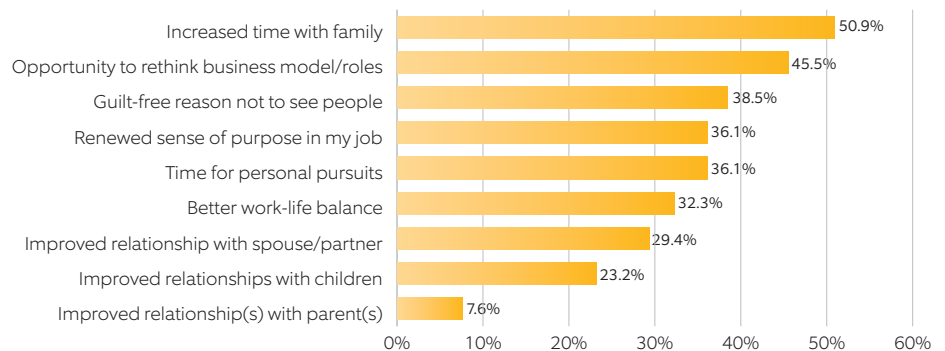
Time to rethink their business model or role

**36%**

Renewed sense of purpose in their work

### THE MOST COMMON POSITIVE OUTCOME FROM THE PANDEMIC WAS "INCREASED TIME WITH FAMILY" (CITED BY HALF OF THE RESPONDENTS)

Positive outcomes of the pandemic



### Eyeing a return to normal

The study asked the question on everyone's mind: How long will it be until things get back to normal?

**45%**

of advisors were fairly optimistic, with the largest percentage saying they thought it would take a year or less.

**20%**

reported that their business had already returned to normal.

**24%**

said it would take two to five years to get back to business as usual.

**11%**

said their business would never return to the way it was before the pandemic.

Generally, advisors at firms with higher AUM levels say recovery will take longer than those at firms with lower AUM levels.

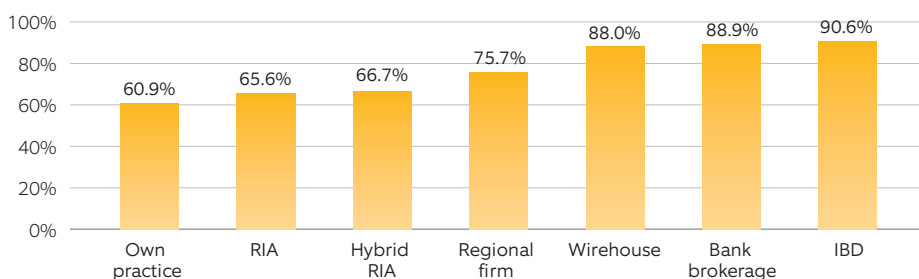
### More remote work for some

Like most of the rest of the world, advisors had to adjust to the pandemic by changing their place of work. More than 70% said they needed to work outside their normal office environment.

That said, some types of advisors were much more likely than others to report a shift to remote work. Younger advisors went remote at a greater rate than older advisors. Other groups more likely to report working remotely included advisors and firms with greater AUM, those affiliated with independent broker-dealers or employed by a bank brokerage or wirehouse, and advisors who describe their services in terms not related to investing (including wealth management and "other").

### IMPACT ON WORK LOCATION BY ADVISOR TYPE

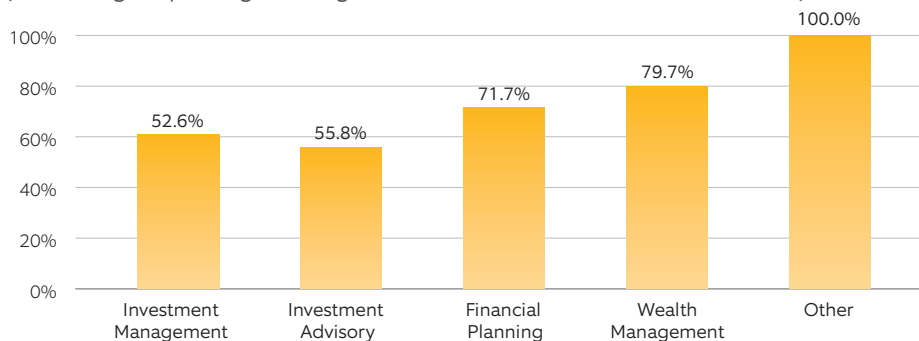
(Percentage reporting working outside their normal office environment)



By contrast, advisors who had lower AUM levels, who worked for RIA firms or their own practices, or who described their services as investment-related were less likely to work remotely.

### IMPACT ON WORK LOCATION BY FIRM TYPE

(Percentage reporting working outside their normal office environment)



Advisors describing their firm's services as investment-related were more likely to remain in the office.

Advisors describing their firm's services as "wealth management" or "other" were more likely to work remotely during the pandemic.

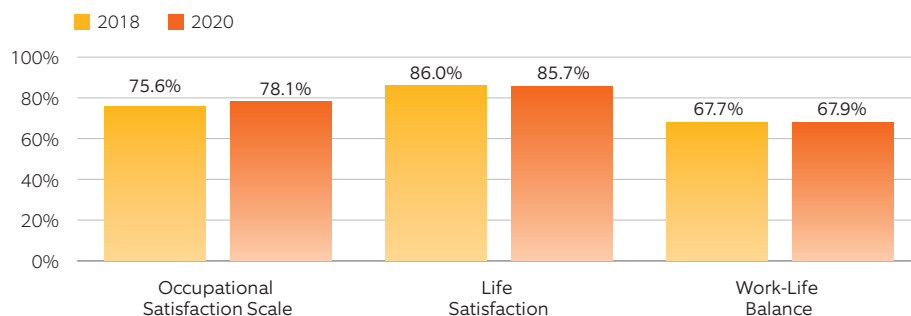
## ADVISORS FIND SATISFACTION IN WORK AND LIFE

To develop the talent of tomorrow, financial advice firms will need to support strong job satisfaction. Fortunately, advisors continue to enjoy above-average levels of satisfaction with their jobs, their lives and their work-life balance.

Advisor stress and wellness measures remained remarkably similar to those of 2018 despite the extreme difficulties of 2020. And advisors reported levels of stress similar to the national average—a change from past years, when advisors tended to have above-average stress.

### SATISFACTION, WORK-LIFE BALANCE AND RESILIENCE DID NOT CHANGE SIGNIFICANTLY FROM 2018 TO 2020.

Satisfaction and Resilience, 2018 vs. 2020



### What advisors love most about the job:

**58%**

the ability to help and provide service to those who need it

**19%**

independence and flexibility

**83%**

of advisors who consider help or service their favorite part of the job say they're satisfied in their occupation

### Secrets of advisor satisfaction

Who are the most satisfied advisors? Overall, the greatest satisfaction was registered by advisors who are older, married and say they love helping people.

Advisors' levels of occupational satisfaction correlate with age. In fact, the most satisfied advisors were those over the age of 80. (This group presumably is self-selecting: Advisors who work into their 80s probably do so not because they need to, but because they love the work.)

The majority of advisors (58%) said the thing they loved most about the job was the ability to help and provide service to those who need it—about three times the rate of the second-most-popular answer, independence and flexibility (19%). A love of helping others was linked to job satisfaction, too: More than 83% of advisors who consider help or service their favorite part of the job say they're satisfied in their occupation.

While only about 2% of respondents said income is what they love most about being a financial advisor, this group expressed the highest level of job satisfaction.

## ADVISORS JUGGLE MORE RESPONSIBILITIES, FEEL MORE STRESS

Our 2018 survey found that the state of the markets was advisors' top source of stress. Given all that went on in 2020, it's predictable that other stressors came to the fore—but it might be surprising that advisors' average level of stress was essentially unchanged.

### Sources of stress

#1

Political uncertainty

#2

Business building

#3

Compliance

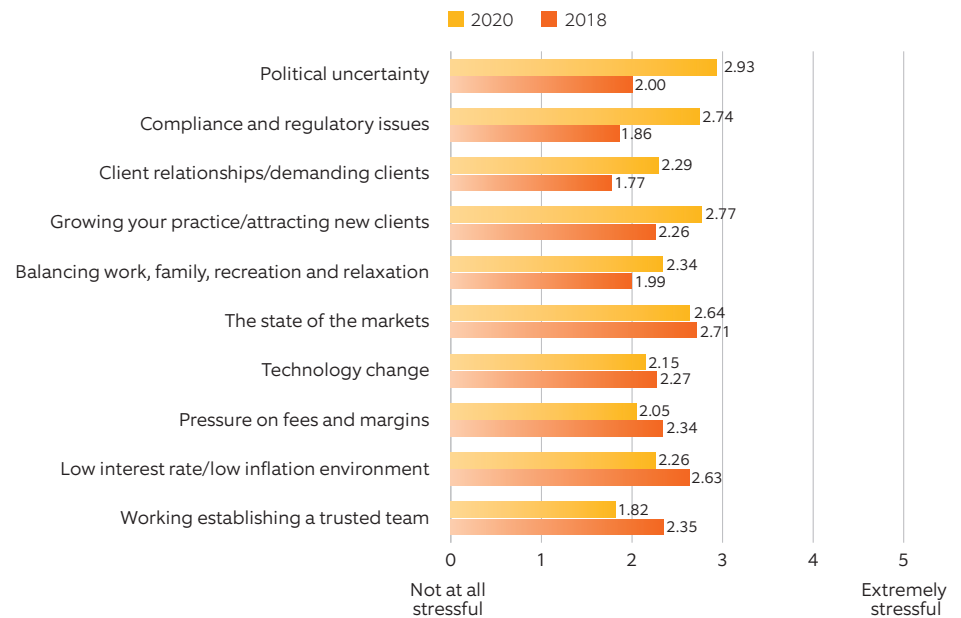
*It's remarkable to note that in the same year the S&P 500 suffered its fastest-ever bear market, market concern was not in the top three stressors.*

### For advisors, politics were more stressful than markets

Although the overall level of stress among advisors was virtually identical to the last survey and the national average, the causes of stress shifted. Political uncertainty was advisors' number-one reason for stress—unsurprising after the acrimonious 2020 elections and the subsequent constitutional crisis, especially considering advisors' need to serve clients of all political affinities in a severely polarized climate. Business building and compliance and regulatory matters came in second and third, respectively.

### POLITICAL UNCERTAINTY REPLACED MARKET UNCERTAINTY

Stress due to specific issues, 2018 vs. 2020



It's remarkable to note that in the same year the S&P 500 suffered its fastest-ever bear market, market conditions came in fourth on the list of stressors — an indication of the overriding intensity of other factors. Other leading sources of stress were having to wear multiple hats, juggling work and family life and dealing with demanding clients.

### Stress symptoms and management

The most common symptoms of stress were little changed from 2018: tense muscles and back pain, fatigue and irritability. Other symptoms included difficulty falling asleep, eating too much or too little and anxiety.

## How advisors manage stress:

25%

with exercise and  
attention to health

17%

with mindset

16%

with leisure

10%

by being good to clients

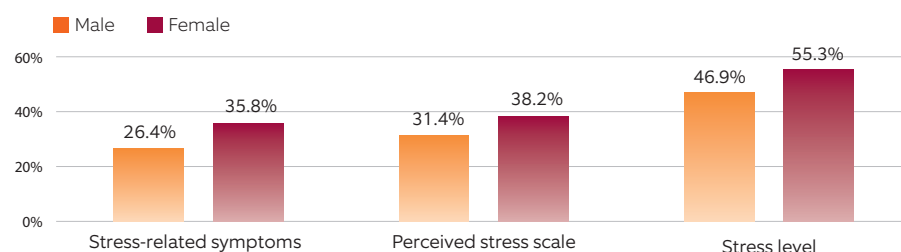
To manage the stresses of their job, financial advisors mentioned exercise and attention to health as their primary tools (the choice of 25% of respondents), followed by mindset (17%), leisure (16%) and being good to clients (10%). As noted above, FlexShares research has consistently shown workplace measures such as delegation and time management to be more effective—offering an opening for advisory firms to help advisors better manage stress.

### Stress hit women advisors harder

The results above reflect the overwhelmingly male composition of the financial advice business. (See “About the Survey” on the next page.) A different picture emerges when we zero in on female advisors’ responses. In 2020, women advisors reported levels of stress significantly higher than either their male counterparts (55.3% vs. 46.9%) or the national average of 48.9%.

## WOMEN ADVISORS REPORT HIGHER LEVELS OF STRESS MALE COUNTERPARTS

Stress measures differ by gender



Women represented 17.5% of all survey respondents and 46% of those women had dependents. While children under 21 comprised the majority of dependents, there was a meaningful number of elder dependents reported. A larger percentage of women (27%) cared for elders vs. men (20.5%). Women found caring for dependents during the pandemic more stressful than men but at the same time found that the pandemic offered them a ‘guilt-free reason’ not to see people which was seen as a benefit.

In 2018 no significant gender differences were found in career-specific stressors. However in 2020, women reported work-life balance and having to wear multiple hats more stressful than men. Some of these differences may be due to perceptions of the pandemic, since women were more likely than men to perceive it as a ‘real threat’ and reported increased stress in keeping elderly parents and dependents safe.

We also saw some differences in top coping strategies between the genders. Two of the top-three coping strategies for women were on-the-job focused vs. men.

## TOP COPING STRATEGIES BY GENDER

WOMEN	MEN
1. Exercise/Health	1. Exercise/Health
2. Be Good to Clients	2. Mindset
3. Task/Time Management	3. Leisure

*Having to wear multiple hats and work-life balance were found to be more stressful for female advisors*

## ABOUT THE SURVEY

A national online survey of financial advisors was conducted by [Riedel Strategy](#) from October 5, 2020, through October 30, 2020. Invitations were sent by email to a list of 12,074 advisors. A total of 462 completed surveys were returned. The survey was designed around three types of questions: those involving demographics, advisor characteristics and stress and wellness measures. All responses are compared to the same study conducted in 2017 and 2018 for trends and significant changes.

The 462 advisors who participated in this research were drawn from 47 states. They approximate industry norms for race, gender, ethnicity, age and education. Overall, these advisors serve a primarily retail client base, represent a variety of firm types as well as a range of tenure in the profession.

- **Gender:** Female 17.5%, male 82.5%
- **Race/ethnicity:** White 88%, Mixed/Other 4%, Asian 3%, Latino 3%, Black 1%, Native American .04%
- **Age:** Median 50–59 years
- **AUM:** Median \$76M–\$150M

## THOUGHTS FOR ADVISORS, CAREER SEEKERS AND MANAGEMENT

Financial advice can be a very satisfying long-term career. As this third survey of advisor wellness has found, even in a year of extraordinary challenges and stresses for the nation as a whole, advisors tended to cope successfully, continued to feel great satisfaction in their jobs, and generally prospered. For advisors, career seekers and those in management at advice firms—for whom recruitment and retention is a significant challenge considering the looming shortage of advisors—there are three important survey conclusions:

**1. Focus on the leading drivers of advisor satisfaction.** While remuneration plays a role in advisor satisfaction, the three aspects of their job that advisors love most are helping and serving people, having independence and flexibility, and building relationships.

**For advisors:** Recognizing that these “soft” measures of career success are more fulfilling than beating performance yardsticks or compensation targets can be liberating and life-enhancing. As with any career, all rewards are not always realized in the short term – but more than three quarters of advisors – ages 30 and under – reported high levels of career satisfaction. The good news is that figure only rose with age and 80% of advisors at or near retirement cited satisfaction with their career.

**For career seekers and managers:** Financial advisory is often viewed as a ‘numbers’ business which may eliminate many young or career-changing professionals from considering it. Understanding and promoting the aspects of flexibility and independence along with serving people and relationship building may attract those who might never otherwise consider a career in financial advice. What’s more, as seekers of financial advice increasingly look for solutions and guidance in the context of holistic financial plans, attracting advisors who have the people skills and desire to counsel and educate—and derive satisfaction from doing so—will enable firms to do a better job serving people less interested in transactions.

**2. Encourage wellness, work-life balance and flexibility.** The most common benefits of the pandemic cited by advisors was the increased time spent with family (51%) and the opportunity to rethink business model/roles (46%). What we have learned throughout the pandemic is that flexibility of hours and location can work, may bring more productivity and is appreciated by advisors.

**For advisors:** As the restrictions of the pandemic begin to wane, you may need to be more intentional with your time. Be sure to regularly schedule time to spend with family and to pursue interests outside of work and continue to think outside of the normal 9-5 work day where appropriate.

**For career seekers and managers:** We are all a little more technology savvy as a result of remote work during the pandemic. This has broken down geographic barriers as firms understand the working physically in the office may not be necessary for all roles. Management can now seek experienced and talented individuals from across the country to join the organization. This will enable firms to build stronger and more diverse teams that can answer the needs of a more diverse client demographic. This may also help in longer term retention of that talent.

**3. Acknowledge stress and employ coping strategies.** Honest discussions of stress factors and coping mechanisms have the potential to help reduce anxiety and create an attractive work environment.

**For advisors:** Throughout the years of this study, women advisors have consistently reported feeling more stressed than their male counterparts. This acknowledgment of stress may actually be a benefit as it illuminates actions that are needed – whether that’s taking a time out for a jog or putting better task and time management practices into play. Denying stress or internalizing it may have adverse effects for one’s physical or mental health.

**For career seekers and managers:** While all jobs cause stress of one sort or another, career seekers should understand how the benefits of independence and flexibility may better enable them to address the stresses that come from being a financial advisor. Firms can help employees by offering tools to better help advisors manage tasks and time management. Our research over the years indicates that advisors report success in managing stress by using on-the-job strategies in conjunction with off-the-job strategies. As a result, dealing directly with these issues in a business setting can lead to a significant reduction in overall stress, making the workplace more productive and rewarding.

---

## FIND OUT MORE

FlexShares is committed to helping advisors guide investors through the stress of the financial markets to pursue their long-term goals. The FlexShares approach to investing is, first and foremost, investor-centric and goal oriented. We pride ourselves on our commitment to developing products that are designed to meet real-world objectives for both institutional and individual investors. Please don’t hesitate to call us at 1-855-FlexETF (1-855-353-9383) or visit **[www. FlexShares.com](http://www.FlexShares.com)**.

---

## IMPORTANT INFORMATION

**Before investing, carefully consider the FlexShares investment objectives, risks, charges and expenses. This and other information is in the prospectus and a summary prospectus, copies of which may be obtained by visiting [www.flexshares.com](http://www.flexshares.com). Read the prospectus carefully before you invest.**

**Foreside Fund Services, LLC, distributor.**

Please remember that all investments carry some level of risk, including the potential loss of principal invested. They do not typically grow at an even rate of return and may experience negative growth. As with any type of portfolio structuring, attempting to reduce risk and increase return could, at certain times, unintentionally reduce returns.