

How do you get a 30% pay rise for your career?

Tony Vidler | Strictly Business | 12 February 2013

For any especially lazy readers or those in a hurry, the answer to the question in the headline is "Invest in your education. The cost is short term and relatively low dollars. The pay-off is for life".

The question of establishing the correlation between investment in yourself, and obtaining a return on that investment, has intrigued me for many years now. In general terms, there has been little hard evidence in our sector to prove what many advisers know either instinctively or empirically – those who do more courses and get more qualifications and improve their knowledge AND skills tend to do substantially better in business. (Note the stress on "AND skills"!)

What prompts this line of thought now is the interesting – though quite disappointing – cancellation recently of several high quality courses and workshops in financial services. (Disclosure of interest – I was trying to arrange one of them commercially myself.) The reasons for the generally low responses from financial advisers to these are undoubtedly rational, such as poor timing, lack of money, lack of available time, lack of subject matter interest, and so on.

However, when we combine this recent experience with some fairly ordinary turnouts at high quality professional development road shows and conferences in recent years, together with apparently relatively low enrolments from the sector in post graduate courses at the main universities (to the point where some of the necessary professional development courses for this sector are at risk of discontinuing), we have to ask what is going on – don't we?

There seems to be a remarkable lack of enthusiasm in general terms within the financial services sector in New Zealand to invest in oneself.

I know many advisers are very keen – voraciously hungry, in fact – to attend short courses and sessions where they can grab a quick sales tip and apply it to get a result next week. There is undoubtedly a strong element of short-termism (– "we want the pay off now") in the industry.

That is in itself suggestive of some attitudinal and structural problems within the advice industry, but I'll leave that aside.

The point I want to make as swiftly as possible is that investing in yourself is worthwhile if you're a financial adviser – because the message sure doesn't seem to have got through to the majority. Now [hard evidence](#) is starting to emerge from overseas that higher education pays for financial advisers.

In New Zealand, we do not command the same premiums for higher education than elsewhere but there is a strong premium nonetheless. On average, New Zealanders with a degree will earn 31% more than those with only secondary or post-secondary education. This does not compare well internationally. The OECD average is a 64% increase in earnings for those with a degree. But let's not lose sight of the key point – investing in education pays off with higher earnings for most people. In New Zealand, that means on average, higher education generates 31% more in earnings. There is a lot more detail on the New Zealand experience at "[Education Counts](#)".

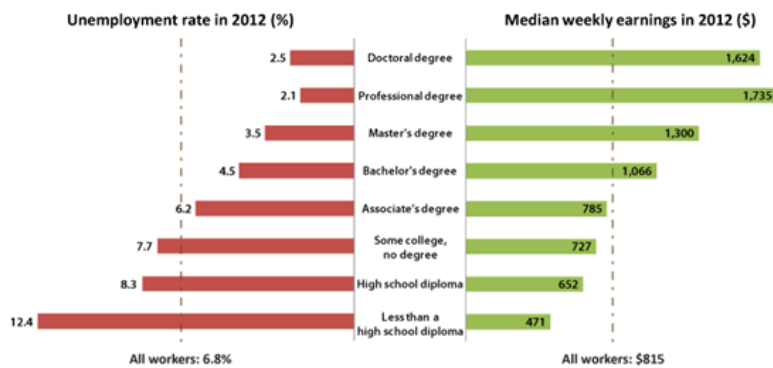
And, even if you are not entirely convinced that investing in more education is worthwhile in terms of getting a good return on your investment, there is one more fairly compelling argument for investing in education. You are more likely to keep remain employed (Figure 1).

While this data is from the United States, there will be a strong correlation between higher education and employment for New Zealand financial advisers.

If you want a career in financial services, it will pay to invest time and money in yourself. You will be better at what you do (meaning less business risk), you are likely to earn a lot more, and your career is likely to be more stable.

There's a pay off for your entire career.

Figure 1: Education Pays



Source: Bureau of Labor Statistics, Current Population Survey

Further Suggested Reading

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In the USA, CFPs bring in 30% more in revenue than non-CFPs – [CFPs Add Value. Are More Productive](#)

Tony Vidler is Tony Vidler is an AFA and principal of Strictly Business which provides advice to the financial advice industry to help financial advisers become better practitioners and build more profitable businesses. Tony was the financial alert Person of the Year 2011.

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