

Broad Matters Season 6 Episode 3

“Teaching the Financial Planning Process” with Steve Schiestel

Ken Szymusiak:

Welcome to Broad Matters. I'm Ken Szymusiak, managing director for the Burgess Institute for Entrepreneurship and Innovation. My co-host Amy Wisner couldn't join us today, but we are excited to have our guests from the Department of Finance for this exciting conversation. On this episode of Broad Matters, we have Steve Schiestel in the studio with us. He's the Frederick S. Addy Professor of Practice in the College's Department of Finance.

Steve Schiestel:

First and foremost, I grew up as a Spartan. And so when I had the opportunity in 2014 to come to Michigan State, to come to Broad, it just felt good to be able to work in a place that really meant so much. And seeing students in the classroom, seeing them getting jobs, seeing them doing great in the workforce. And so all of this, I think, encapsulates why it's so important to me.

Ken Szymusiak:

Steve brings his best to the classroom, teaching in the Executive MBA program and at the undergraduate level, and he's earned Teaching Excellence Awards every year since 2016. Today he'll be talking about his expertise in financial planning and wealth management, as well as the work he's doing to grow programs here at MSU for undergrads and graduate students alike. Welcome to the podcast, Steve.

Steve Schiestel:

Thanks, Ken. Really looking forward to talk about various things that we're doing, things that I love, which is all things teaching and student related. Sharing a few trends in the wealth management industry, and then even giving an outlook on careers in finance.

Ken Szymusiak:

Please tell us about yourself, Steve, and your role within the Broad College.

Steve Schiestel:

I guess as a super quick background, I always tell students that I've had three careers coming out of undergrad. So, I started off as a credit analyst and then a commercial banker for NBD. Which through a number of mergers, is today JP Morgan. So I spent about seven years there. In 1999, I switched over to another banking institution, Citizens Bank, which was headquartered in Flint. But now, through a couple mergers, is part of Huntington. I spent 15 years, did a number of things ending as Chief Investment Officer for the bank and our wealth department, before we were acquired by First Merit Bank. In 2011, I started teaching one class at night, Intro to Finance. And so that got my feet wet in this whole teaching gig. And then a couple years later, I had the great, great privilege of being able to come and work full-time. And have been here ever since.

Ken Szymusiak:

I love those kind of career trajectories.

Steve Schiestel:

I can't tell you how many people pivot multiple times in their careers. But hey, if we can bring knowledge and curiosity, really that's what makes life so interesting anyways.

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Ken Szymusiak:

So, Steve, wealth management is a really interesting space. It covers a lot of different topics. Can you tell us what we do at Broad, and what you bring to the classroom, and what our students are experiencing in that space of what you might call wealth management as a potential career opportunity?

Steve Schiestel:

We call it financial planning and wealth management. And I know the industry is probably waiting for someone to coin a more concise term. I always describe it as, "Everyone has financial issues." And when we think about our personal financial situation... Because this really is about the person. The person, the family, the couple... That it covers, balance sheet issues, debt issues, cash flow issues, investment, insurance, estate planning, taxes, retirement planning, saving for the kids to go to college. So it's all encompassing. So that's where the wealth management term comes into play.

The financial planning comes in, which is that helping someone design a plan that is dynamic, that changes, that will help them guide decisions for them to make the best possible decisions that they can make. And so that's really where to lay the story out about what the whole industry is about.

So from the student standpoint, there is a designation, the certified financial planner. That's the designation of choice. And it's one where the CFP boards put a lot of time and effort to try to explain to the consuming public that if you work with a CFP, you're working with a true certified expert. So, in order to earn the designation, you have to complete an education part of the curriculum. And there's certain criteria that needs to be met. Once you complete that, then you sit for the exam. We serve in the education capacity. There are 200 plus different types of programs throughout the country. We're one of those. So, that just means that you need to take a certain number of classes, certain number of credits, covering certain topics, so that a student or a person then can sit for that exam.

Ken Szymusiak:

Yeah, you're prepared to, at least, take a shot at it.

Steve Schiestel:

Exactly, yeah. And so, it is really just trying to blend what we see is going on at the advisor level, with what the curriculum type of topics are, need to be covered. And blending that in so that a student can understand the hard skills, the soft skills. So they can truly work with real people.

Ken Szymusiak:

There's a real psychological component to this.

Steve Schiestel:

Huge. Huge.

Ken Szymusiak:

You talked about storytelling. And I just imagine someone who's in this industry sitting down with someone. It's one thing when you're opening your first IRA, and maybe you're 25, and you're single and planning for the future. Versus, "Okay, now I'm 40, and I have kids and a house and a spouse." That whole journey and how that changes. Can you talk about how you teach kids those soft skills?

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Steve Schiestel:

When you think about what makes someone a real good advisor, part of it is the foundation, which is just you have all the technical knowledge. The stuff that's in the books, the most of what we probably will provide in the classroom. And so this is stuff that a person would expect someone to know. But what really differentiates, and makes someone really good, is their interpersonal skills, their soft skills. There are certain exercises we can try to help students along the path. Things like empathy, caring, trustworthiness. And oftentimes it's like, "Let's define what it means to be empathetic, and let's try to have some demonstrations of it." And more times than not, I just try to explain through examples. Maybe of my career, of different ways of either the dos or the don'ts on that front. Bringing my past life as an advisor into this current role as a teacher, and being able to use those stories to help the students learn.

Ken Szymusiak:

And it's one of those spaces where trust is so important. Money is so personal to people. And then it's like, "Okay, who do I entrust with this, to hopefully guide my future?"

Steve Schiestel:

If you are not trustworthy, it's going to be hard to have a third party basically place all of their financial assets with you, to manage on their behalf. If that's not exhibited.

Ken Szymusiak:

What does the career trajectory look like right now? I mean, is this a space that's growing? Is this an industry that is always looking for new talent? Or maybe, what portions of the industry are really booming at this point?

Steve Schiestel:

I am super excited about the opportunities for young people going into the industry. There's probably three trends that are going on. The first trend is that Americans, as a general statement, we probably could be saving more. We could probably be making better financial decisions. And so as a result of that alone, there is a need for advisors to provide that advice in one form or fashion.

The second trend that we're seeing, is that we're living longer. The wonders of science is extending life expectancy. So our students will have longer life expectancies than us, just because of the wonders of science. But, what that means then, is that will we be living longer in retirement? Which means that there's going to be a greater need on our collective savings in order to fund our lifestyles. And if that is the case, who's going to provide that help? So there's really, again, this need for more help from advisors for just the populace.

And then probably the third dynamic that's happening is that, the current advisor community is really aging. There's about 300,000 advisors in the country. I've seen statistics that would say that maybe anywhere from a third to a quarter could be retiring in the next 10 years. There's more CFPs over the age of 70 than under the age of 30. And so, there is this need, that a lot of firms are realizing that, "Boy, our entire firm is 50 plus." And so there is a need to bring in young talent to be the next wave of help. And so from that standpoint, it really makes me super excited, like, "Okay, we're teaching this, we're providing this academic curriculum." But at the end of the day, there is some really awesome jobs out there. Firms need you today to come in and help them.

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Ken Szymusiak:

Yeah. Yeah. This is exciting for our students, obviously. It sounds like there's a really interesting career path ahead of them. There's opportunities in the marketplace. Can you talk a little bit about the size of the program at the undergraduate level? And I know you've also recently launched a program at the master's level. Can you tell us a little bit about both the programs, and how they play off one another? And if someone is interested in this space and maybe coming back for a master's degree, what the expectations are there, and maybe what a career path might look like?

Steve Schiestel:

One of the first initiatives outside of teaching classes was this wealth management project, and Plante Moran, who is a wealth management firm here in the state of Michigan and a big recruiter of Spartans, they were looking to see if we could build a program, within the business college, in order to ready students essentially to take the CFP as soon as they graduate. And so it took us a few years just to get everything in place, in order. So our first class were the graduates of 2019. We had 16 students. For the first three years, it was essentially just a collection of classes to meet the CFP requirements. And so for the first three years, we went from 16 students, and then 19 students in 2020, to 29 students in 2021. Last year it became a minor. And so that allowed us to be able to expand our reach even outside of the Broad College. To students, economic students, or psychology students, or wherever they are within the campus.

And so this year we have 49 students that are seniors, that are going through. We probably have another 20 plus juniors already registered. And so more are coming in. We've seen phenomenal growth and now we're at the point where I don't know where the right size is. I just need to make sure that there's the commensurate number of firms ready, willing, and able, to be standing there on the other end. This is the first year we did start a master's program. I guess our ideal student, when think of a marketing standpoint, would be a student who just has graduated, let's say, or maybe within the last couple years. They have skills in one form or fashion. Whether you're a business student, or maybe you're a psychology student over the social science college, or someone in Comm Arts. Spend another year here on campus. We lay on the technical side, and you can be a great financial planner.

Ken Szymusiak:

And I know a lot of people I've seen pivot into this career path, just because they're outgoing. Maybe good at sales, maybe really interested in the topic. But didn't know they were interested topic as it a student, maybe as an undergrad. But maybe they have a great experience with a CFP or another planner and it really triggers their interest. So that master's program seems like a great outlet for people who might want to come back and continue on with their studies.

Steve Schiestel:

Yeah. One interesting thing from this as a career path, is people will come from all different venues, and all different approaches. And to your point, can you explain, coach, guide? Those are really the keywords that make someone super successful.

Ken Szymusiak:

So Steve, I teach entrepreneurship and innovation here at Michigan State, and there's been a lot of innovation in the space of financial technologies over the last few years. Robo-advising, quote-unquote. Or some of these interesting ways in which you can interact and manage your wealth. What are your

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thoughts on those technologies and platforms, and how they might interface with folks who are getting into the planning as a profession?

Steve Schiestel:

Yeah, technology? Huge. I was talking to some advisors right when Covid started. I can't tell you the number of advisors who were like, "Boy, if this had happened 10 years prior, there's no way we could have been placing trades, and having conversations with clients." And so technology obviously is at the forefront in the industry. I would say your question on robo-advisors... Robo-advisors came into the market what? Maybe 10 years ago? With the idea being that my quote-unquote advisor, is the screen and the software that sits behind the screen. And there was a big increase in the number of assets that robos held.

It seemed to have plateaued and well, we have not seen it. We're probably seeing it today. We'll know the data later will be as, "How well did the robos protect their clients when the going was tough?" 2022 has been a brutal year in the markets. We've seen terrible stock market returns. Bond markets, which usually provides a cushion for us, have done even almost worse. This would be the year where if, someone is going to be really worried or panicking, where you need that human intervention, that person there that you can talk through. How will the robo, the AI, the software, be able to have a true conversation with someone?

Ken Szymusiak:

Especially if those algorithms are built on historic trends like you just said. And now you have, unfortunately, that correlated declines. Which, you build on historic data, maybe they're not performing quite as well. So it'd be interesting to see.

Steve Schiestel:

And the one thing that I've always waited to see how this was going to play out, would be thinking in my career. So, I lived through the 2000, 2002 bear market, the 2008 bear market. And knowing that the role of the advisor then was really almost sitting there, quote-unquote, hand in hand with a client. And saying, "It will get better. Now is not the time to pay a lot of the markets." Which can be super hard discussions.

Ken Szymusiak:

Can a computer screen give you that type of guidance?

Steve Schiestel:

Well that's it. That's it.

Ken Szymusiak:

But it's hard.

Steve Schiestel:

But I think that the technology that underpinned the initial robos, I think advisors are using today, there's so many tools that the advisors have that are entrepreneurial, startup, tech-related to allow advisors to maybe handle more clients. And maybe some of the old Excel work now can be done much faster, much easier.

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Ken Szymusiak:

When you look at some of the platforms, it's neat to see that open up. Your ability to invest in commercial real estate, and understand what you're actually putting money into, as opposed to just buying a read or something like that. All these platforms are neat. To me, it seems like another tool for advisors to consider.

Steve Schiestel:

So it's a tool for advisors to consider for their clients. It's something that students need to have greater understanding of. And so the one interesting thing teaching in this program... Which, I'm sure it's like this in so many of our programs here because we teach topics that are dynamic, that's changing as the world changes. But what tools are available to help people make good decisions? And so it's just been really cool to watch.

Ken Szymusiak:

That's awesome. Any recommendations, as people enter the new year, to think about what is the best way to get your house in order going into a new year? Maybe if you're trying to make some resolutions around personal finance?

Steve Schiestel:

Three things come to mind, especially as New Year's resolutions. One would be is that if someone doesn't have a personal balance sheet... Put together in whatever form or fashion, whether it's on a piece of paper, or it's in Excel, or you name it... You know the assets that you have, the liabilities that you owe, and hopefully you have a positive net worth. Now, I understand from a student just coming out of school, you may have more liabilities than assets. But you've made a huge investment into your personal income generating asset, which is yourself.

Ken Szymusiak:

Your shareholder equity.

Steve Schiestel:

Yeah, yah. Your shareholder equity. That's probably the first thing. So just to know where am I and who do I owe?

And then I guess secondly would be, is if debt has been getting a little bit out of hand... Especially we've lived in an economy, really post a great recession, where we've been onward and upward with really all the way up and through Covid... Credit cards out of whack, any personal loans, now is the time to probably really get those paid down as much as you can.

And probably the last thing is, are you saving enough? Are you living appropriately below your means so that enough money is flowing into your long-term investments to fund retirement, or to fund something meaningful later down the road?

Ken Szymusiak:

Yeah. Now those are all pieces of great advice. So Steve, what are the things you're most looking forward to come this spring semester?

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Steve Schiestel:

My primary role is a teacher. I teach, generally, three sections of whatever class come in the fall, same way in the spring. Usually starts first and foremost in the classroom, thinking about the students, thinking about content, getting all that ready. And probably the second part, helping to grow and thinking of creative ways of expanding the scope for our master's program. And then just making sure that each and every one of the students, whether they're master's students, or they're minor students in wealth management, continuing to make outbound connections with advisors. All throughout the state, throughout the Midwest. We've actually placed students almost coast to coast. The more that we can tell the Broad story, the Spartan story, to more and more companies. To give students opportunities. Those are probably the three things that will fulfill my days as we venture here into 2023.

Ken Szymusiak:

Well, thanks so much, Steve. Thanks for joining us today. Really appreciate it. How can we keep up with your work going forward?

Steve Schiestel:

Yeah, so I would say a couple places. One would be LinkedIn. So I'll post on my personal LinkedIn. Also in wealth management, we have a student group, the Wealth Management Association, that has a website. The students host their own podcast where they bring in Spartan alums and others, to just talk about the industry. And then also through their social, we'll describe about what's going on in the classroom and with guest speakers coming in. Just so students can stay up to speed.

Ken Szymusiak:

Well, thanks so much again for joining us.

Steve Schiestel:

Hey, this has been awesome. Thank you.

Amy Wisner:

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Ken Szymusiak:

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Amy Wisner:

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