



ADVISOR ADVANCEMENT INSTITUTE

Beyond NextGen

A Playbook for developing and retaining the *Rising Principals*
shaping the future of wealth management



Investment
Management

About This Playbook and How to Use It

Developing and retaining the *Rising Principals* shaping the future of wealth management

***Rising Principals* should not be defined as “NextGen.”**

These advisors have moved beyond the early stages of their careers and are taking on greater responsibility for clients, business growth, colleagues, and the future of their firms. Many are already leading—whether or not their titles, authority, or economics fully reflect that contribution.

Future-focused firms recognize this talent opportunity and are creating intentional development paths to ensure this evolution in a *Rising Principal*’s career creates growth trajectories for both the advisor and the firm.

This accompaniment to the recent research report, created in collaboration with AdvoKate IQ, sought out the voices of this new cohort referred to as *Rising Principals* to shed light on what these advisors actually experience from a recruitment and retention standpoint—and provide insight into where they see the need for new strategies to help them lead into the future.

This playbook translates the *Beyond NextGen* research into a practical operating agenda. It is designed to help leadership teams diagnose where talent systems are helping—or hindering—*Rising Principals* and to build a more credible path from advisor to enterprise leader.

THE LEADERSHIP IMPERATIVE

Make the path visible—and give the *Rising Principals* already in the room a reason to build their future here.



Use this guide in three ways

1 Diagnose

Assess the lived experience—not simply the programs on paper.

2 Design

Create visible pathways, applied development, and explicit economics.

3 Pilot

Test with a small cohort, measure the experience, and refine.

Who should be at the table

- Firm owner or executive sponsor with authority to resolve barriers.
- Business or practice leader accountable for talent and succession.
- People leader or human resources (HR) partner who can embed the system in performance management.
- One or more *Rising Principals* who can test whether the design is credible in practice.



Meet the *Rising Principal*

“NextGen” is often used for everyone from new entrants to established advisors.

That broad label can obscure a pivotal career stage: Experienced professionals whose responsibilities increasingly extend beyond serving clients to strengthening the enterprise.

Who are they?	What does it signal?
68% of the advisors surveyed were ages 35–45	This is largely a mid-career—not entry-level—cohort.
76% identified as senior, principal, or C-suite	Many already hold material client and leadership responsibilities.
11 years average industry experience	Their development needs are applied, strategic, and enterprise-oriented.
3 in 4 would recommend the profession	Commitment to advice can coexist with questions about the current firm.

Source: New York Life Investment Management's Beyond NextGen Survey, 2026.

Look beyond age and title

Identify *Rising Principals* by the work they are doing and the contribution they are ready to make.

Typical signals include:

- Owning important client relationships and protecting retention across generations.
- Mentoring colleagues, improving team performance, or translating strategy into execution.
- Building growth capabilities, networks, market presence, or referral relationships.
- Demonstrating judgment on technology, change, risk, and client experience.
- Seeking a clearer voice in decisions, a broader remit, or a defined economic path.

THE PREMISE

Rising Principals are not seeking shortcuts to leadership. They are seeking alignment between expectations and opportunity.

Four Mandates for Firm Leaders

1 Make development part of the work

Shift to make: From optional content to protected, applied learning.

Evidence to look for: Time is scheduled; learning is practiced on live work; managers review application.

2 Make advancement visible

Shift to make: From informal promises to milestone-based career architecture.

Evidence to look for: Advisors can name destinations, criteria, decision makers, and next evidence.

3 Build relational infrastructure

Shift to make: From accidental mentorship to defined mentors, coaches, sponsors, and managers.

Evidence to look for: Every Rising Principal has access to perspective, feedback, advocacy, and accountability.

4 Make the exchange explicit

Shift to make: From vague upside to transparent alignment among contribution, authority, compensation, and potential ownership.

Evidence to look for: New scope is accompanied by support, decision rights, and appropriate economics.

Why this matters now

Near-term stability should not be mistaken for long-term loyalty. Only 65% of advisors surveyed would recommend working at their own firm. Among advisors dissatisfied with career development, that figure fell to 50%. Development dissatisfaction can be an early signal that the broader employee value proposition is weakening.

Tools and systems to use

This playbook includes tools to use to assess your firm's current and desired infrastructure in support of *Rising Principals*. Also included are systems to consider implementing to create the journey to the future. These structures can be adjusted for your firm's specific needs and be used as frameworks to help firms think through this evolution.

Firms should evaluate development across four dimensions:

1	2	3	4
Relevance	Access	Application	Progression
Is the learning connected to the advisor's role, career stage, and desired next contribution?	Is it time protected, and are programs easy to discover and join?	Does learning include observation, practice, feedback, and real client or business problems?	Does successful participation unlock new responsibilities, visibility, authority, or economics?

The strongest architecture for development combines formal instruction with apprenticeship. Advisors repeatedly described learning through observation, execution, and feedback. Without application, a curriculum can produce knowledge without readiness. Experience without reflection can produce repetition without growth.

LEADERSHIP LENS

When the firm asks someone to act like a principal, it must clarify what principal-level contribution earns—and what obligations come with it.



Rising Principal Readiness Diagnostic

Score the firm's current system—not its intentions

Rate each statement from **1 (not true) to 5 (consistently true)**. Ask leaders and *Rising Principals* to complete the assessment separately, then compare the gaps.

Dimension	Statement	Rating				
Development	Learning is relevant to the advisor's next contribution.	1	2	3	4	5
Development	Protected time and manager support make participation feasible.	1	2	3	4	5
Advancement	Career destinations and readiness milestones are visible.	1	2	3	4	5
Advancement	New responsibilities bring appropriate authority and support.	1	2	3	4	5
Growth	Business development is taught through staged experience and feedback.	1	2	3	4	5
Leadership	Leaders are approachable, candid, consistent, and empathetic.	1	2	3	4	5
Mentorship	Mentor, coach, sponsor, and manager roles are intentionally covered.	1	2	3	4	5
Economics	Compensation and potential ownership principles are understandable.	1	2	3	4	5
Enterprise	Principal-level contributions beyond production are recognized.	1	2	3	4	5

Interpret the results

36–45 points = Strengthen and scale

26–35 points = Prioritize two-point system gaps

9–25 points = Retention risk may be structural; Begin with listening and leadership alignment.

More important than the total: Any two-point difference between leaders and *Rising Principals* is a credibility gap that deserves discussion.

Design Development as a Retention System

Most firms offer development resources. The stronger question is whether those resources are relevant, accessible, applied, and connected to progression. Eighty-one percent of surveyed respondents reported at least one barrier to participation; 58% cited time or workload.

Dimension	Design question	Concrete practices	Milestone evidences
Relevance	Does learning match role, stage, and next contribution?	Individual development plan; capability gap review; role-based learning menu.	Advisor and manager can name the next capability and why it matters.
Access	Can the advisor realistically participate?	Protected monthly learning block; workload coverage; visible program calendar.	Scheduled time is used without client-service penalty.
Application	Does knowledge become judgment?	Observation; simulated practice; live assignments; debrief and feedback.	Advisor demonstrates the skill in a client or business setting.
Progression	Does growth unlock opportunity?	Readiness review; stretch scope; new authority; compensation review.	Successful application changes responsibility, visibility, or economics.



AVOID THE REIMBURSEMENT TRAP

Paying for a credential is useful. Protecting time, supplying practice, and connecting mastery to opportunity is an investment.

Leader actions this quarter

1

Select one capability tied to each Rising Principal's next contribution.

2

Protect workday time and assign one applied experience within 30 days.

3

Require a brief debrief: What was observed, practiced, applied, and learned?

4

At quarter-end, decide what greater scope the evidence supports.

Applied Development Plan

Convert a course catalog into a sequence of experiences

***Rising Principals* want real life experiences to model on their journey.** As an alternative or addition to online offerings, here is a simple guide to create an experiential pathway. Allow *Rising Principals* to co-create the experience and draft desired outcomes that can be owned together with firm leadership.

Field	Working prompt
Next contribution	What broader responsibility should this advisor be ready to own in 6–12 months?
Capability	What knowledge, behavior, or judgment must become more consistent?
Observe	Whom will the advisor watch? What should they notice?
Practice	What simulated scenario will allow low-risk repetition and feedback?
Apply	What live client, team, growth, or operating assignment will they own?
Feedback	Who will observe, debrief, and coach? By when?
Evidence	What output or behavior will demonstrate readiness?
Unlock	What new scope, authority, visibility, or economics may follow?

Sample development plan: prepare a future relationship owner

Sequence	Example
Observe	Attend two complex review meetings; compare preparation, questioning, and moments of judgment.
Practice	Lead a simulated difficult-client conversation and receive structured feedback.
Apply	Own the agenda, selected discussion topics, and follow-up for three live meetings.
Evidence	Client communication is clear; risks are surfaced; follow-through is reliable; senior advisor intervention decreases.
Unlock	Become named secondary relationship lead, then primary lead for an agreed client segment.

Make Advancement Visible

Fifty-two percent of surveyed advisors reported barriers to promotion or career advancement. The issue is not simply that advancement is slow; it is that the rules are often unclear.

A credible architecture answers five questions before an advisor has to ask.

- 1** What distinct career destinations exist, including leadership/ownership and expert-advisor paths?
- 2** What capabilities, outcomes, and experiences demonstrate readiness for each?
- 3** Who decides, how often is readiness reviewed, and what evidence informs the decision?
- 4** What authority, scope, compensation, access, and training accompany each transition?
- 5** What path exists for exceptional advisors who do not want to manage people or pursue equity?

Broaden the evidence

Production remains essential, but it is not a complete proxy for leadership. Evaluate contribution across client outcomes, growth capability, talent development, operational improvement, strategic judgment, collaboration, innovation, and enterprise stewardship.



THE PAIRED-RISK TEST

Some firms add pay without meaningful scope; others add scope without appropriate pay. Advancement is credible only when responsibility, authority, support, and economics move in reasonable alignment.

A Dual-Path Career Architecture

Create more than one legitimate definition of success

Rising Principals want to see a path and also know there are options. At this career stage they have decades of productivity remaining. Creating multiple pathways provides optionality and a strong succession bench for various firm leadership roles.

Career stage	Enterprise leadership / ownership path	Expert advisor path	Shared evidence
Senior Advisor	Leads select initiatives; begins coaching others.	Deepens planning or segment expertise; owns complex relationships.	Client trust, execution, collaboration, judgment.
Rising Principal	Owns team outcomes, growth system, or strategic priority; participates in decisions.	Recognized authority; leads complex client work; scales expertise across firm.	Repeatable impact beyond individual activity.
Principal / Partner	Assumes governance, capital, succession, and enterprise obligations.	May hold distinguished expert status and economic participation without people management.	Stewardship, sustainable growth, talent and client continuity.

Readiness review agenda

- **Destination:** Which path is the advisor pursuing now? Has that aspiration changed?
- **Evidence:** What did the advisor demonstrate since the prior review?
- **Experience:** What assignment would provide the next missing evidence?
- **Enablers:** What time, staffing, authority, coaching, or exposure is required?
- **Exchange:** If scope expands, what else must change—and when will it be reviewed?
- **Decision:** Who owns the next action, and what date closes the loop?

Recommended cadence: A formal readiness conversation twice each year, with progress checkpoints during regular performance discussions.

Develop Growth Readiness Deliberately

Business development should be taught with the same rigor as planning, investments, or compliance. The goal is not to push advisors prematurely into origination of net new assets. It is to build confidence and capability through staged exposure, practice, contribution, and accountability.

Stage	Firm-created experience	Observable milestone
Observe	Shadow preparation, meetings, networking, and debriefs.	Can explain what created trust and moved the relationship forward.
Practice	Use simulated discovery, objection, referral, and COI conversations.	Applies a repeatable structure and incorporates feedback.
Contribute	Own meeting sections, analysis, follow-up, or event roles.	Executes reliably and improves the client/prospect experience.
Activate	Build a point of view, community presence, COI network, or segment plan.	Creates consistent activity and meaningful connections.
Originate	Create and advance opportunities with coaching and clear targets.	Converts activity into qualified opportunities and relationships.
Scale	Teach others and improve the firm's growth system.	Produces repeatable team capability—not only individual revenue.

REFRAME GROWTH

For purpose-driven advisors, business development is the disciplined work of finding people the firm is equipped to help, communicating value clearly, and building relationships before a financial decision becomes urgent.

Six-Week Growth-Readiness Sprint

Create a pilot development sprint during a six-week period. The goal for this sprint is to have it become a natural part of leadership and firm culture expectations.

Week	Experience	Coach / leader prompt
1	Observe a senior advisor's preparation and discovery conversation.	What did the advisor do before trust was visible?
2	Practice discovery and value articulation in a simulated scenario.	Where did curiosity deepen—or narrow—the conversation?
3	Contribute to a defined section of a live meeting and own follow-up.	Did the handoff feel clear to the client and the team?
4	Map 10 meaningful connections in one chosen community or niche.	Where can the advisor offer authentic value before asking for anything?
5	Initiate two COI or community conversations and capture learning.	What need, pattern, or language emerged?
6	Present a 90-day activation plan with behaviors and outcomes.	What support, accountability, and learning loop are required?

Measure behaviors; do not wait for lagging revenue

- Quality of preparation and discovery.
- Follow-through and reliability.
- Network development and meaningful new connections.
- Collaboration and appropriate use of firm capabilities.
- Referral, opportunity, and relationship progression.
- Ability to teach the method to others.

Make Mentorship Infrastructure—Not Folklore

More than half of advisors surveyed described mentorship as an important factor when deciding where to work. Mentorship is a throughline connecting confidence, development, growth, and leadership identity. Informality can make mentoring authentic, but it can also make access inconsistent. Preserve relationship choice while adding structure and accountability.

Role	Primary contribution	A useful question
Mentor	Perspective and pattern recognition.	What have you seen before that can help me interpret this?
Coach	Goals, practice, observation, and feedback.	What capability are we building, and what will better look like?
Sponsor	Visibility, advocacy, and access to opportunity.	Where am I ready to be trusted with more?
Manager	Expectations, resources, priorities, and accountability.	What result matters, and what support is available?

Minimum viable mentorship system

- 1

Define the purpose and expected cadence of each relationship.
- 2

Let mentees express preferences and provide a safe reset when fit is poor.
- 3

Equip mentors with prompts, boundaries, and escalation channels.
- 4

Create quarterly checkpoints without asking for confidential details.
- 5

Recognize the mentor's time through workload, performance, or economic design.
- 6

Audit who receives sponsorship opportunities—not only who has a mentor.

DO NOT OVERLOAD THE MANAGER

One person may fill several roles, but the firm should never assume a direct manager automatically provides all four.

Lead through Proximity, Candor, and Consistency

Eighty-six percent of respondents said senior leadership interacts with junior employees. Yet only 52% described leaders as approachable and 21% as empathetic. Interaction is not the same as connection. Advisors judge leadership through the consistency between what leaders say and what the organization makes possible. This is a crucial part of your firm’s culture.

Leadership behavior	What it looks like in practice	Signal to <i>Rising Principals</i>
Proximity	Regular small-group listening; exposure to real decisions; follow-through.	Leaders know the work and the people doing it.
Candor	Clear expectations; honest economic conversations; timely no’s with rationale.	The path is credible even when the answer is not immediate.
Consistency	Promises match workload, opportunity allocation, and promotion decisions.	Rules do not shift based on proximity or politics.
Empathy	Leaders understand constraints without lowering accountability.	The firm sees the whole person and removes avoidable friction.
Sponsorship	Leaders create visibility, stretch opportunities, and provide air cover.	Performance can translate into real opportunity.

Quarterly rising principal conversation

- Where are you contributing beyond your formal role?
- What responsibility are you ready to earn next?
- What is getting in the way of development or performance?
- Whose perspective, feedback, or sponsorship do you need?
- What commitment will you make—and what commitment must the firm make?

Make Compensation and Ownership Explicit

Compensation is not the only reason advisors choose a firm, but unclear or limited upside can become a reason to leave. Seventy-five percent of respondents did not receive equity, and most of that group were very or extremely interested. Interest is not a universal entitlement; it is a request for clarity about participation in value creation.

Economic rung	Recognizes	Questions to clarify
Salary / draw	Role scope, baseline capability, and expected execution.	How is role value set and reviewed?
Variable compensation	Defined individual or team outcomes.	Which behaviors and outcomes count—and when?
Profit sharing	Contribution to shared firm performance.	What pool, formula, threshold, and discretion apply?
Deferred / phantom value	Retention and long-term enterprise contribution.	What vests, values, pays out, or is forfeited?
Minority ownership	Capital participation, governance, risk, and succession.	Is it granted, earned, or purchased? What rights and obligations follow?
Control / succession	Long-term stewardship and enterprise continuity.	How are valuation, financing, transition, and decision rights handled?

USE PRECISE LANGUAGE

“Equity” means different things across RIAs, broker-dealers, teams, and public firms. Name the actual economics, rights, risks, and obligations—do not use one word for fundamentally different arrangements.

The Contribution–Opportunity Exchange

Use this framework whenever an advisor's scope is expanding. Complete it jointly and revisit it at an agreed date.

Firm expects greater contribution in...	Firm will provide...
Client leadership	Decision authority, relationship visibility, and a defined handoff.
Business growth	Training, access, marketing support, coaching, and fair credit.
Talent development	Time, tools, recognition, and workload consideration.
Strategic execution	Context, access to decision makers, resources, and feedback.
Enterprise stewardship	Economic clarity, governance exposure, and stated obligations.

Complete the agreement

Prompt	Notes
Contribution to demonstrate	
Evidence and measures	
Authority and resources	
Compensation / recognition review	
Potential next destination	
Decision owner and review date	

CREDIBILITY RULE

Never leave expanded responsibility attached to an indefinite promise. If the firm cannot yet commit to an outcome, it can still commit to criteria, a decision process, and a date.



A 90-Day *Rising Principal* Pilot

Timing	Leadership actions	Outputs
Days 1–30 Diagnose	Select 4–8 participants across roles and experiences. Run the readiness diagnostic and listening interviews. Map existing pathways, development, mentorship, and economics.	Baseline scores; top two system gaps; executive sponsor; pilot charter.
Days 31–60 Design	Build one applied development sequence. Define a path and readiness evidence. Assign relationship roles. Draft the contribution–opportunity exchange.	Individual plans; milestone rubric; mentor/coach/sponsor coverage; leadership commitments.
Days 61–90 Activate	Launch live assignments and growth practice. Hold leader check-ins. Resolve access, time, staffing, or authority barriers quickly.	Applied experiences; feedback records; sentiment pulse; decisions for next-quarter scope.

Pilot guardrails

- Choose a real business need; do not create “development theater.”
- Include more than the most visible or best-networked talent.
- Protect time and define manager accountability before launch.
- Track evidence of application—not only attendance or completion.
- Close every promise with an owner, decision date, and communication loop.
- Refine criteria before scaling across the firm.

Rising Principal Retention Scorecard

Review quarterly during the pilot and semiannually thereafter

Measure	Suggested question or indicator	Baseline	Target
Path clarity	Percent who can name their destination, criteria, and next evidence.		
Applied development	Percent completing a live assignment with feedback.		
Protected access	Percent reporting sufficient time and manager support.		
Relational coverage	Percent with identified mentor, coach, sponsor, and manager coverage.		
Leadership trust	Percent rating leaders approachable, candid, consistent, and empathetic.		
Exchange credibility	Percent who understand how expanded contribution affects opportunity/economics.		
Readiness movement	Number earning new scope, authority, or demonstrated milestones.		
Retention signal	Percent who would recommend the firm as a place to build a career.		

Use both leading and lagging indicators

Course completion, mentor assignment, and meeting counts are inputs. Path clarity, applied capability, trust, expanded scope, qualified growth activity, recommendation, and retention are outcomes. Review both—and segment results by career stage and responsibility, not age alone.

THE KEY MANAGEMENT QUESTION

Can each *Rising Principal* explain what they are building, what evidence matters next, who is invested in their progress, and what opportunity greater contribution can unlock?



What's Next?

Thank you for reading this playbook and exploring how to develop and retain the *Rising Principals* shaping the future of wealth management.

The future of advice will be shaped not only by how many new professionals enter the industry, but by whether firms retain and activate the *Rising Principals* already moving into positions of influence.

They notice when development is offered but time is not. They notice when responsibility expands without matching authority, support, or economics. They notice when mentorship is marketed but unavailable, when leadership is visible but not candid or empathetic, and when ownership is discussed but never defined.

Recognize the Leaders Already in the Room

Five questions for the leadership team

1

Which people are already performing principal-level work?

4

Which development experience can we embed in live work this quarter?

2

Where does our current system rely on informal access or unwritten rules?

5

What would give our strongest future leaders a reason to build the future here?

3

What opportunity are we asking talent to wait for—and what makes the promise credible?

Start Here

Choose one *Rising Principal*, one next contribution, one applied experience, and one explicit firm commitment. Put the first review date on the calendar today.

About the Advisor Advancement Institute

In a constantly evolving financial services landscape—where a sea of financial guidance and investment options are just a click away—we understand you face a challenge in demonstrating your value to clients in a manner that goes beyond product and performance. And we understand that achieving continual growth depends on building deeper and longer-standing relationships.

At the Advisor Advancement Institute, we partner with colleagues, clients, and their clients to uncover essential insights that can help financial advisors be better at their roles and then turn those insights into learnings designed to better-equip you to achieve your organizational goals.

We do this by carrying out regular proprietary research that delivers valuable insights on the demographic trends, topics, and themes that will help you create better client engagement.

In short, we believe that when financial advisors create better client engagement, you will not only get more clients but also increase client loyalty and advocacy.

The role of our Institute is to help you achieve greater success.

Find out more

To find out more about the Advisor Advancement Institute and how we are working to help people and businesses like yours grow through insights and the sharing of best practices, contact your regional Advisor Consultant, or visit our Practice Management site at nylim.com.

For more information:

888-474-7725 option 1, then option 2

About the research

New York Life Investment Management commissioned quantitative and qualitative research in 2026 through AdvoKate IQ and Logica Research. The quantitative study surveyed 229 U.S. financial advisors ages 25–45. Ten follow-up interviews explored development, mentorship, compensation, equity, and leadership experiences across advisory channels.



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For more information

800-624-6782

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Results from collaboration strategies will vary by advisor and client and are not guaranteed. Success depends on engagement, specialist availability, and consistent execution.

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