

**Ep #289: Navigating the Finance Industry: The Career
of Lamar Watson**

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Maddy Roche

Narrator: [00:00:01] Join your host, Maddy Roche, as she brings you into a community of fee-only financial advisers who are successfully building profitable businesses that serve the next generation of clients. Learn from innovative advisers whose unique stories will inspire you to dream big and take action on your goals. Are you ready to live your best life and help your clients live theirs? Then you're in the right place.

Maddy Roche: [00:00:24] Hello and welcome to this episode of #XYPNRadio. I'm Maddy Roche, your host. I'm excited to have XYPN member Lamar Watson, owner of Dream Financial Planning, a fee-only firm out of Reston, Virginia on the show with me today. Lamar started his career in this industry before he even went to college. He was an avid follower of the stock market and reader of Warren Buffett. While he was in college, he secured an internship at what he describes as a very diverse Scottrade branch where he received valuable insight, training and mentorship in this industry. Lamar walks us through his career, how he pitched himself in an interview before he even graduated from college, how he climbed the ranks as the only black adviser on the professional side of one of the largest wealth management firms in the nation. And why, finally, he decided to open up his own RIA. Lamar talks about what it was like to move from a steady, high paying job to working one on one with his ideal types of clients, folks who have never yet worked with financial planner. If you want to learn what it's like to work your way up through this industry and then launch your dream firm, the show is going to be for you.

Maddy Roche: [00:01:23] Avocado toast, selfies, a mountain of student loan debt. Gen Y is anything but traditional and with over seventy five

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million people, it's a population you don't wanna ignore. Learn more about how to serve this unique population in our guide called Attract and Profitably Serve Millennial clients in your RIA. Discover three key ways to tap into the millennial market and six things that they want from their financial advisor. Visit XYPlanningNetwork.com/Millennials for your free copy.

Maddy Roche: [00:01:54] You can find any of the resources we mentioned during the episode at XYPlanningNetwork.com/289. Also, be sure to go to XYPlanningNetwork.com/VIP to join a private group just for #XYPNRadio listeners. It's a community of advisors we've all been looking for that's there to provide support when we need it the most. Best of all, it's free. I encourage you to check it out again. That's XYPlanningNetwork.com/VIP. Without further ado, here's my interview with Lamar.

[00:02:21] -- swish --

Maddy Roche: [00:02:23] Lamar, welcome to #XYPNRadio. I'm so glad to have you here. How are you today?

Lamar Watson: [00:02:29] Maddy, I'm doing well. Thanks for having me on. I'm looking forward to to share my story because, of course, XY Planning Network has played such an important role in me starting my firm and this podcast that played such an important role and inspired me to start my firm as well.

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Maddy Roche: [00:02:43] Oh, I love that you're a long time listener then. Well, then we will make sure we tailor your conversation to the longtime listeners out there today. Lamar, why don't you give us an overview of your firm, where you're located, who you serve, and we'll dive in from there.

Lamar Watson: [00:02:56] Yeah. So the name of my firm is Dream Financial Planning. I started my firm last year. I got approved and just looking at my notes here it was the first week of July and previously worked at, had a career at a broker dealer, resigned and launched my firm about five weeks later. My firm is primarily focused on working with young professionals in their 30s, largely here in the Washington, D.C. area. So I'm in Reston, which is a suburb of D.C., about 20, 20 miles or so outside of D.C., you know, recently I've been getting clients across the country as far as California, Ohio, Pennsylvania and Chicago.

Maddy Roche: [00:03:33] Awesome, and you've built a pretty impressive firm since you launched about a year and a half ago, and I want to talk about how you got there. Let's go back in history. What was college like? What was your career trajectory?

Lamar Watson: [00:03:43] Yeah, so I'll go back a little bit further than that. I always tell people and it was actually the first blog post I wrote when I launched my website was just why I started my firm. And I talk a little bit about my history, my upbringing, my family life. And, you know, for me, I always say this and people think it's a little crazy, but I really fell in love with the stock market at a very young age. It was the summer before I started high school. And, you know, we had one tv in the house. And this isn't now right where you have Netflix and Hulu and Disney Plus and all these great things to watch is pretty much the fifty channels or so that you had on

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cable. Now, if you ever this is the late 90s. You're a young guy, you know, teenage boy sitting at home. There's not a lot on TV for you, right? It's, you know, Maury Povich and Oprah and who's this and who's that? And I was just literally flipping through the channels and CNBC caught my eye because it was, it looked different. You could only watch ESPN so many times because it repeated over and over and over. So by the fifth time I watch ESPN, you have it memorized. So I'm flipping through. I see the ticker across the bottom of the screen. I'm like, hey, what's what's this? What's this? Channel looks different. And, you know, everybody likes to make fun of CNBC in the industry, right? Like, don't watch CNBC. That's not how you manage your portfolio. But it really was the single thing that got me interested in this industry and essentially led to-to this career. So from there, I just kind of got into it. I had annual reports mailed to my house and I was reading those over the summer. And that really kind of drove my life from that point. So I went to high school. I was a varsity athlete as a freshman and did some things. I did chess club one year and actually took a little different track from a lot of people. I graduated from high school and decided to do community college. So I did a community college was about five miles away from my house, Lori Fairfax Community College. And, you know, I always tell people, I think growing up, I always tell people I grew up poor. I think now the correct term for that is lower middle class. So I knew my family didn't have a lot of money and took advantage of some government grants and things like that. I went to community college for two years and then I was like, where do I want to go? Where I want to go for college? So I looked at some of the great colleges in our state, the state of Virginia, Virginia Tech and UVA, James Madison. And I was like, well, I was raised in a rural area. There wasn't a lot of job opportunities for what I wanted to do. So I was like, hey, let's look to the Northern Virginia, the D.C. area. And that led me to go down to George Mason. So I went to George Mason, started study in finance, and I'll come back to that a little bit later. But worked to be a finance major. And more importantly, I got my first job in the industry as an intern at Scottrade at a great branch office there that was

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really close to campus. And that really kind of spring boarded me into where I am now with my own firm.

Maddy Roche: [00:06:30] Wow. An internship in Scottrade in college. What a valuable experience to have. What kind of stuff were you working on?

Lamar Watson: [00:06:37] Yeah, I was basically the receptionist. It was, I always tell people it was it-it sounds great. It look great on a resume. And I'll talk about how that led to my first real job, quote unquote. It was a great experience. And, you know, I think one of the things for me that I was always worried about is, you know, I grew up in a rural area. It was predominantly white. Most of the black people that I saw at school were were either related to me or close family friends. And so I thought my fear was, it's like, well, I'm going to go here. And just knowing that the industry wasn't very diverse, I'm just like, how am I going to fit in, you know, just from a cultural perspective? So I was really worried about that. So I walk into this office and it was just a beautiful thing to see, you know, the branch manager who's a great guy who I actually just ran into not too long ago, you know, he was a white guy, but he was Irish and he had a very heavy Irish accent. So it just kind of put you at ease. But I think out of the five people in that office, the five brokers, you know, it was the branch manager who was Irish. There were two black guys there. There was an Asian American woman. And I just went in. I was like, from everything I've heard about this industry, I didn't think this is what I was going to see at all. And it was just a wonderful experience. And to be honest, you know, I was making eight bucks an hour. It wasn't-it wasn't about that for me. I was just happy to be in an environment where, you know, I could be around people that were talking about the market, talking to clients. I actually got in trouble a few times because by this stage I'm twenty years old or so and I've been

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trading pretty actively on my own account. I'm trading like call options, put options and had a good background on options. So sometimes clients would ask me options, questions, even though I wasn't licensed. And I'd kind of be like, oh yeah, they recorded all the calls in the branch. And it was like, hey, you-you answered this question and you were supposed to. I'm like, well did I tell them the wrong answer. He's like, no, you had it exactly right. But, you know, that's-that's not the point. But that being said, they were really supportive, but I didn't do anything really, really sexy there, so to speak. It was, answering the phones, it was one of the top 10 branch offices in the entire Scottrade system at that point, so we were very busy and most of the branches in the Northern Virginia area actually opened out of that office. And so we had other branch managers come in. So I'd be training people that were going to be branch managers at other just because our volume was so high. I mean, we got hundreds of calls a day. I answered literally probably 150 calls a day. So it got me really comfortable on the phone, you know, talking to people. And really it's just it was just a great learning experience. But I answered phones. I filed paperwork. You know, we're at Scottrade, we were at an age where we were taught everything digital. So we were filing a lot of paperwork, mailing out checks and really just good administrative work.

Maddy Roche: [00:09:15] Wow. Awesome experience. And from there, did that translate into a full time job post college?

Lamar Watson: [00:09:21] Well, I actually started my first real full time job before I graduated college, which was interesting. So what happened was there-there was a woman who worked at Scottrade. She worked at a with a large wealth management team here in Northern Virginia. And she had left that team they came to Scottrade and then she was at Scottrade for a while and then she went back to that team. So she informed me that they were

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looking for essentially a junior adviser. And I'll talk about that a little bit. But what was interesting for me is I love Scottrade. I was making eight dollars an hour. I wanted to get licensed. I was like, look, I know this stuff inside and out. You guys know I know it inside and out. Like, if you just give me licensed, I'll finish up my, you know, my degree at night because George Mason is a commuter school. So they had a lot of night classes where you could still take and I was taking a full credit load. Right. I'm taking 16 credits. You know, I'm working thirty, thirty five hours a week. And the arrangement was like, no, that's not the way we do things. We love you, but we're not going to let you do that unless you have a college degree. So I was really upset. And one of the black guys there who was kind of the assistant branch manager, who was kind of a mentor for me, was like, you know, hey, you know, I was presented with this opportunity to go interview with this other firm. And, you know, he knew about the firm. It was well, it was a well known team within the D.C. area. They had a local radio show. And so he kind of told me about what their you know, what their philosophy was. And I went interview with them. Right. So I thought up my resume, I never had, like, a real resume before I did a resume for Scottrade. That was the first real one. All my other jobs were McDonald's or working at the mall or something like that. So I go in and, you know, as I mentioned, my humble upbringing earlier. So I go into this office and it was just a beautiful office. Everything was beautiful. The team was managing about a little under two billion dollars, you know. So I go in, the interview was after hours. So, you know, the office closed at five. I think I got there about five fifteen. So the guy who would become my boss later kind of spoiling for the story is going to go right. He comes in the conference room and he's wearing, you know, I never had an expensive suit, but I could tell he was dressed very well, had a nice, like fit, perfect. I was like, they were the guy. Get the suit, like, it fits perfectly. And so I'm just kind of blown away. Right. And I'm kind of like, okay like, don't mess up-don't mess up. What my mentor from Scottrade had told me was like, hey, when you go to this interview, like, I don't want you to take this the wrong way, but you're you're pretty cocky. You're not, generally speaking, but like about the stock

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market, I'm like, well, you know, I have a lot of passion for this. I've been doing this for sixteen years. Like, you know, it's not like I'm just making stuff up. I've been reading annual reports on companies since I was like, you know, thirteen, fourteen like it. He's like, I know, I know you know your stuff. Nobody's saying that you don't. But just when you go in here, like you understand, the financial advisor world has a lot of egos. So he's like, that's going to rub people the wrong way. Just go and be humble, be respectful, answer your questions. And I think you do-I think you'll do well. So I sit down and the first thing that comes out of his mouth is he's looking at my resume, which I don't think he had looked at before I got there. And he goes, oh, so when did you get licensed? And I'm like, well, I don't-I don't have my license. It's just kind of like laughing. And I'm like, what? I said my resume, like weeks ago was it was like somebody looked at this. How come, you know, I get asked this question and I'm kind of like, okay, well, is this interview over? And then so I just kind of pause and it's awkward silence. And he kind of goes, well, I just don't know if you're qualified to do you know what we need you to do. And so what's unique about this team and I'll come back to that, but just it's important that this team was a little different, I guess at least what I've learned since then about the wealth management industry. So if a client came into to this team, it was essentially split up into two camps. So there was a financial planning side and a portfolio management side. So there was no outsource money management like that branch, we did the research on the stocks, we bought individual stocks and bonds for-for our clients. So every client had a portfolio manager, so to speak. It was a primary point of contact and a CFP®, or financial planner, and my boss was one of the portfolio management side, so it was very much the other job was going to be, you know, assisting him, going through and manually trading the accounts reallocating them. And so he goes, well, you know, we manage individual stocks and I just don't figure you're qualified. So I was very offended. And so I ask as humbly as I can, I go, what will I need to do to be able to do this job to to your satisfaction and he's like, well, you know, we build our own portfolios, we do individual stocks. I'm like, okay, I'm not going to be

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humble anymore. Like, let's talk about the stock market. And he goes, What do you mean? I was like, just ask me about a company, you know, we'll talk about it. And, you know, at the end of it, if you think I don't answer your questions, well, hopefully I can work here. And so I knew a little bit about this firm. They were Large-Cap value managers, essentially. So kind of Warren Buffett disciples. And we just had a conversation for half an hour. Forty five minutes about the stock market, I think. But we most of the stocks were blue chips, like well-known companies, Coke, J and J, who companies that fortunately for me, I knew very well. So we just had a free flowing conversation. There were no notes or anything. And I know it's going well. Right. So he goes, all right. After about half an hour, he's like, I'll be right back. And so he goes-he goes and gets the guy who is actually his boss. And he was kind of the rainmaker and the guy that made the portfolio decision. So he comes back and they were gone for about five or ten minutes. So I don't know if they strategize this or not. But he essentially came back and asked me the exact same questions about the exact same companies. And I'm like, like, what's going on here? Is this like a joke? Or like maybe I don't want to work here, I don't do it. So, you know, I answer the questions, obviously the same. And the only thing this guy said was it of stuck with me. He goes, well, he doesn't seem dumb. It's not up to me. But if it was, I'd hire him. And so they kind of let me leave. It's like, all right, well, we'll be in touch. And I think somebody called me the next day is like, hey, do you want to work here? And I go, yeah, they're like, all right, well, where do you make it now? Or how much you want to make? And I think I just threw out like a crazy number. I was like, well, fifty dollars an hour. Even though I was making eat, they're like, okay. And I was like, wow, maybe I should have said a higher number. And so, I got that salary for three months because it took me about three months to pass the 7, pass the 66. Now I got hired at the end of January. So if you think about this, I'm a college student. I'm taking the Series 7, basically the end of April, which is, I'm going through my finals for the year. So it was terrible planning on my part. But Scottrade gave me such a great foundation and opening accounts at margin and options and all that good stuff. So I was able to quickly pass

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the Series 7 and then the Series 66 and then they bumped me up to a real salary like I was still in college and because I had to work full time and do some night classes, I think that forced me to stretch out how long it took me to get my undergraduate degree. But I was like, I was like I was making like sixty thousand while still at college. And I'm talking to people and people are like, wow, this is you know, and so like I said, I grew up poor and the one thing I always wanted was like a nice car. I drove a terrible car to school, was like an old rusted out bmw. So the first thing I did was I went bought myself like a nice car, nice clothes. So I think, you know, I'm just loving life. And, you know, we-we worked at that firm. It was a regional firm which got bought out by RBC, but was there for about a year and a half and, you know, providing client support, basically being his back up when he was unavailable talking about stocks, building portfolios. And we were at that firm for about a year and a half. And then we transition to, as you know, the industry. Right. These advisors get paid big bonuses to move to other firms so that we move to another firm. And I'm happy to talk about that, because that's where I spent essentially the next entire phase of my career.

Maddy Roche: [00:17:29] Sure. Yeah, I'd love to talk about that. But I just want to highlight I love that initiative that, you know, despite you having credentials of an internship at Scottrade and so forth, that you almost asked for a work sample, that, you know, if the question of what-what do I need to do this job, they couldn't answer. And so you pivoted very quickly to let me show you my skill set and love as someone who does look at and writes work samples for folks, that it really does make or break hires. And you can really tell the kind of quality work you're going to get when you talk to someone about the work they could do. So kudos to you. And I bet they did not regret letting you on that team, huh?

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Lamar Watson: [00:18:05] Well, you know, it was one of those things where the question was asked. I was like, I-I feel like I've been preparing for somebody asked me this question for forever. (laughter) Right. Because I was like, God, I could I was just so happy. And honestly, in hindsight, it sounds like a no brainer, but I was very nervous about taking to the position. So I went back to my mentor. And I can't stress enough to this day if the boss that I had at Scottrade. I mean, he has to be the best boss that I've ever had, even though he didn't hire me, I was really upset, but he just said such a great work example to where when the phone rings and the way it was, you went from least senior person back at Scottrade to most senior, sat in the back and he sat in the back so he could watch everybody. And it was like when the phone rang, like people raced to pick up the phone, like because he worked so hard, you were just like, well, this guy is the boss and he's working hard. So, like, I just you just felt like you had to work hard. And so I kind of went back to my mentor and I was like, hey, look, they present me this opportunity and I love you. I loved all the people at Scottrade and I really wasn't sure I want to leave. And I was like, well, you know, where are they going to pay you? Like, what's this? He's like, that's a great firm. That's a great team. Like, he's like, oh, he's like I'd kill for an opportunity to work for. And he was really instrumental would just be like, hey, you know, you have to go. So no, I was glad I did. And, you know, we had a great, great run there. So it was a great opportunity.

Maddy Roche: [00:19:31] What and I think that speaks so much to having a mentor in this space and that kind of impact that-that they can have that advice of don't go in cocky. You're still in college. That kind of valuable advice is something that can really keep someone in this industry or get them out of it. I'm interested about your time at the next firm. What were you working on and what was that like?

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Lamar Watson: [00:19:50] So this next firm. So we were at Ferris Baker Watts, that was the name of that firm for about a year and a half. So it's the summer of and I'm looking at my notes here, it's the summer of 07. So if you know anything about what happens when a team leaves a firm, you know, the principals get pretty big checks for bonuses for leaved. So when we left Ferris Baker Watts it was just crazy because at this point I'm still very new in the industry year and a half. I think by the time we left, it took me about another year from the point I was hired at pass my Series 7 to graduate college. So I graduate college. We're sitting in the office one day and my boss and this other guy, we're kind of the two top people in the portfolio management side of my cubicles are outside their office and it's like a Friday at like four o'clock. And I'm like, all right, come into the conference room and I'm like, people start leaving at four o'clock on a Friday. It was, you know, that's the world we were in. And it's like, you know, Scott puts on the hat of this other firm and the main boss and he's like, all right, we're going to this other firm. If you want to come with me, let's go. If not, you can stay here. And I thought it was a joke, so I don't know what's going on. And then I just hear, like, okay, we're leaving, we're quit. And they have these words in this resignation letters for us to all sign. And, you know, I'm, you know, I'm a guy like I've got to get out of here. So I think I was the first person out of there. I just threw my stuff at a bag. I don't know what's going on because I'm like, I don't know what's going to or people going to come after us. I was just very nervous. Right. So we moved to this other firm. It was an office in the same town, in Reston, and we just jumped in. We go over there and the boss sits us down. I was like, hey, do you want to come with us? And I'm like, What do you like? The whole office is quitting, like, the whole team is quitting. And he puts this check in front of me that was equivalent to about half of my annual salary. It was like, well, you know, if I was like, yeah, sure. Well, if you decide to come, you know, this this is going to be for you. And it's essentially a forgiveable note. Right? So I went from making eight dollars an hour to having this huge check sitting in front of me. I was really I was like, really scared. I'm not going to lie. I was really scared. So if you've ever seen the was it John Grisham

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book, but made it to a movie, you know, about Tom Cruise, where he gets hired by the law firm and there he gets the fancy car the house and all that stuff and then it turns out their only client is like the Chicago mob. So I'm like, call it people like like what are these guys? You know, literally I'm like, call it like my-my former mentor, like at Scottrade. I'm like, I don't know what's going on. Am I going to be the fall guy for something? And then I didn't even tell my family because I'm like, I don't know if I should take like if this is what the take or whatnot. It's so he's like, no, he, so he explained it to me and he's like, no, here's what happens it's forgivable note. Because my boss, you know, he kind of explained it, but I still don't understand. And I just kind of smiled as I took the check. I'm going to cash it. And so I took it to the bank. I cashed it. The I remember the young woman who was about my age was kind of like, what's this? I was like, oh, it's a-it's a check. And I'll try to play it off like, cool. Like, I get these checks all the time and she's like, well, what do you do for a living? You know, it's like it was so it was just really it was really crazy for me. And more importantly with this gave me was capital to trade. So I talked about my trade and how I love the trade puts an option. So I was like, oh my goodness, I've been waiting for this just lump sum of money, the trade forever. And so in addition to doing my job of, you know, supporting this adviser, becoming more and more talking to clients, starting to do some research on individual companies for addition to the portfolio, I was most excited to be able to finally start trading my own account with some real capital.

Maddy Roche: [00:23:27] Yeah, I'm wondering, what was your option? Was it to take the check and work with them and transfer over to this new firm or was it to not take the check and then not have a job?

Lamar Watson: [00:23:36] Well, I'm going to be honest, I didn't say that. I was just like, I'm going to take the check and figure out later. Right. So, you

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know, what it was is what's important to know, I guess, is I did have a salary which was paid by the firm, but then I was also essentially getting my revenue share. So you think about when you're transferring the book of business, you're not going to have that revenue as transfer. So it was meant to kind of it was more than enough to make up for that. But it was like, well, you're going to need something to tide you over for that portion of your salary. So, you know, our fees are able to to catch up to where they said.

Maddy Roche: [00:24:10] Fascinating. So why would you ever start your own firm?

Lamar Watson: [00:24:13] Yeah, well, you know, it's-that's a great question. I think I've always had that entrepreneurial spirit, you know, from being a young kid to having my own version of a lemonade stand, which I call the corner store, because our house was on an intersection in the corner and buying stuff from the store for twenty five cents and so on and sell it for 50 to having a lawn mowing business where I got the business and charge thirty dollars and paid other kids five or ten dollars to, you know, to mow the grass. And so that was something I'd always wanted to, always wanted to do. But you know, I was at this firm, I was part of this team for ten years and we went through a lot of changes on the team, which are beyond the scope of this conversation. But we had some partners, you know, retire, some new partners come in and leave. And there was a lot of some turnover and infighting going on. And I just got kind of got to a point where I was like, hey, you know, I'm making a good salary. You know, before I left the team, I mean, I was making by the end of that 10 years, I was making almost two hundred thousand dollars a year. So I'm like and I had to say this, I mean, there are probably some things I did that I could have done better. But I don't know if I was necessarily a favorite of-

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the bosses of management. But I loved my coworkers, some of who I who I'm still close with. And there were two other guys who had very similar roles to me in terms of job responsibilities. And we were all essentially the same age. And I was on one of their weddings and things of that nature. So we had great relationships. And so towards the end, you know, what really happened is there were some changes. Both of those guys left. So my two peers who I was really close with, they both left the team. And that was kind of the beginning of the end for me because I was like, all right, well, you know, these two guys left. I was really close with them. And, you know, I got some more seniority. I got some more pay, which was great. But I really wanted to move into solely a client facing role because when I was hired and I guess in hindsight it was I didn't know what I didn't know. When I was hired, you know, my boss was kind of like, hey, the book was whatever size where it's going to continue to grow. And he was like, hey, I want you to kind of be my backup. And you've heard this before, right? The eventual succession plan. So I didn't know what this meant. I'm just like, look, I'm happy you gave me an opportunity that Scottrade didn't give me you're paying me a great salary. My first trip to Vegas was with my boss. And so I was appreciative of all that stuff. And I was seeing my roll move towards that gradually, but maybe not as fast as I liked. So there was a point where he-he-he was my champion or kind of should have been. But he eventually is part of the shakeup. He eventually left as well. So I have my two peers and then I have my direct boss. And even then there were still some opportunities. So I just got to a point where I was like in most of the senior partners in this firm, the people that were get promoted were great people who have you know, I was there for ten years. So, you know, I'm not going to say it was terrible, but I worked with great people. I had some mentors there. More on the financial planning side who taught me a lot. And I talk about how I transitioned to getting the CFP®. And it was just kind of like, well, I now am like in my mid to early thirties, the people that the spot where I want to get those people are forty. So it was like, you know, what am I going to do, wait a rail for twenty five, twenty six years? And it wasn't one person, it was like a whole layer of like four or five

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people. And so I was like I just wasn't starting to, I was-I wasn't seeing really a path forward for me. And even though I was accelerating my job, every review, hey, you're doing great. You know you're doing great. You know, the clients really like you. I mean, I had a couple clients who they're all my boss's clients right here on the book. But, you know, I had some clients who would meet with my boss. And then the next day they would call me. And I'm like, you just met with him for an hour. They're like, yeah, well, you know, he and he was a really, really good salesperson. Like that was that was, you know, why he made the big bucks. And they're like, yeah, but he he gives me kind of the sales that you give me, like the real story. And so I enjoyed working with the clients. And the one thing I will say is our client base wasn't very diverse or office wasn't very diverse. I was there for a long, long time. I was the only certainly the only black person in the office at. And more importantly, I was the only person on what we call the professional side of the office as a non administrative staff in our office and really, you know, when I became a financial adviser in our firm, so, you know, kind of looking around, I'm like, okay, well, we're working with retirees, right? It's the high minimum, typical million dollar minimum. And so I was just like I started getting hungry to, you know, lack a better terminology to work with people that look like me, not just, you know, other black people, but other, you know, my peers, essentially. And that's what I was able to do with my firm. So kind of the next step for me was, believe it or not, I actually stayed with the firm but left the team right. So that was it, towards the end of that, I started working on the CFP® in secret. So nobody on my team knew that I was working on the CFP®. So I started that. So I got the CFP®. I wrote that down. So I got the CFP® in the fall of 2017. So in the fall of 2016, I started doing the education requirement for the CFP® because I'm like, okay, it's time for my next phase. And I think at this point the CFP® is going to play a really important role in that.

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Maddy Roche: [00:29:44] Fascinating. Was-was the CFP® ever something that you had considered earlier in your career? Was was that something that the big firm and Ameriprise ever talked about?

Lamar Watson: [00:29:53] Well, so, you know, it wasn't this is actually an important point. So let me rewind a little bit. And what I always wanted to do was I always wanted to, I always wanted to have my own hedge fund. So when I started following the stock market, becoming interested in middle school before I started high school, you know, immediately you're going to pick out big names, right? So it was Warren Buffett for me. It was Peter Lynch, the long time manager of the Fidelity Magellan Fund and loved his book. It was some of the early books about Buffett. So I'm like, well, I want to be one of the great value investors like Warren Buffett or just want the great money managers like Peter Lynch. So that was kind of my track. Right. So I was like, there is a couple big things around that that happened for me. One was the financial crisis of 08 or 09, right. Where not only in our industry, but really financial services industry as a whole. You really saw people are like, okay, well, we don't want to be in these Goldman Sachs. We're going to focus more on private wealth management and the big investment banks, because that's stickier long term business versus this highly volatile but profitable proprietary trading, prop trading desks, the hedge funds and stuff like that. So that started working in my mind to where I'm like, all right, well, if that's where the industry is going, they're going away from this hedge fund model and maybe I'm in the right place. Maybe I'm in private wealth. Maybe I'm in a place, you know, where I should be. Right. That was kind of one thought process. So I actually was pursuing the CFA designation, chartered financial analyst, which is more for equity research and those types of things. And I have to be honest, it's very humbling experience for me. There's three levels to that. I passed level one came really close a couple of times but couldn't get past level two. So that was kind of strike two for me. I was like, all right, well, I'm really good at interpreting information, but a lot of the CFA is like you're building a

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financial statement, you're building this information. And I knew I could interpret it because I was having success trading. And part of my job was to interpret this data that the CFA put together. Right. But I was like, maybe I'm not good at interpreting it. So I you know, that was something where, you know, it told the listeners is you have to try stuff, right? I mean, if you don't push yourself, I mean, you're going to fail. But just you have to figure out what your strengths are. So I figure, like, my strength is not going to be to be a CFA. So I was like, well, maybe-maybe there's something else I you know, I could do. Part two was we moved to this new firm. We actually had a team of equity research analyst for our firm that shared an office with us. So in the private wealth management world, it's very much like come in at eight, eight thirty, leave at four, four thirty. Right. That's the world. These equity research people were in the office. If I came in early, I mean, they were in the office by like seven. And when I finished my work for the day, sometimes I would stay after because I had access to a Bloomberg machine and all this research and I just loved it. And I'd be leaving the office sometimes at seven and working on some personal stuff. And these guys would still be in the office. It's like, well, this is what I've wanted to do. So I was like, let me start picking their brain to figure out, they were young, really smart guys. And, you know, they actually ended up getting their CFA and progressing. I'm like, well, what was life like? And one, most importantly, they were making less money than me. And two, they were working harder than me. (laughter) So, I've got to like, well, maybe, you know, maybe that's that's not what I want to do. Right. And so and again, I realized, you know, for the listeners, like I was working with what if you're looking at Barron's magazine or things like that? I mean, our top advisor on our team was ranked in that pretty regular, on an annual basis, so this isn't just any team, this is one of the largest wealth management teams in the country, at least in the broker dealer space. Right. So the final straw for me and kind of pushing me towards the CFP® was we had a-a mutual fund that we had a big holding in and they had essentially like an investor information day where they go up and kind of wine and dine you and you get to talk to some of the portfolio managers. And it wasn't because I was

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important, it was because my team owned a big piece in it and it was the the first Eagle Global Value Fund that we owned a big position. And so we went up to this conference and the portfolio manager of that fund was a great value investor. If there's like a Mount Rushmore of value investing, like Warren Buffett would be number one. This guy, if he's not number two or three, he's going to make the Mt. Rushmore value investing. Right. So I'm sitting next to, we're at a table. There's like 10 of us at at a table for-for lunch. And I'm sitting next to a guy we're talking about Cisco, the tech company. And long story short, I think I made a couple of points because I was in stock, I did a lot of research and I thought I'd do very well. So it turns out this guy next to me goes, well, what do you think about this, this and this? I don't remember what his points were, but he was asking me questions and I'm like. I don't know the answer. I didn't even know that was a question I should be asking or something I should be considering, and I spent hours and hours at dozens of hours researching this company. So it turns out he worked for the mutual fund. So if you take like this great value investors number one, I think it was maybe like three people in between this guy and this great value investor. And this guy should be in thirty seconds that he was like 10 times smarter than me. So I'm like, oh my goodness. Like, I was like I was just kind of like dumbfounded. Right. So I took the train from D.C. to New York, which is about four hours. And as part of that conversation, I was very humbled by that. That was probably other than failing even more so, than failing the CFA level two, that was probably the most humbling experience of my life and is what drove me to want to pursue the CFP®, because that was and that was in 2015 or early 2016. So a few months before I started literally studying for the CFP®. But another adviser there was kind of impressed and was like, hey, as I mentioned earlier to you, like, I've always wanted to live in South Florida. So it's other advisers like, hey, maybe you and I should talk. So he's like, tell me about yourself. And so we started talking and he's like, look, I've always been looking for a succession partner, again, succession partner or a junior adviser. And I'm in Florida and right outside of Miami where I've always wanted to be. So we actually had a conversation. I lied and said I

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was going to Miami the next month. Right. So I booked a trip just to go talk to him and did some other stuff in Miami. So he was impressed. And maybe I can come back to that later. But I took the train ride home and it's a four hour train ride from New York to D.C. and I am like, you know, it's like when you're in the car, you do your best thinking or you're on the train, you do your best thinking. And I sit down in my seat, I put on my noise canceling headphones and listen to some jazz or something. And I'm just like, I don't think I'm going to be smart enough to do this, the hedge fund thing, the thing I've always wanted to do. So it was it was very humbling. And so I'm sitting there and I'm by myself. It's late at night, so it's pretty quiet. And then this family sits down next to me because I'm at a table. So this family with a little kid and the kids playing with blocks and I'm in deep thought trying to literally map out the future of my life. I'm like, what a failure I am, right? I'm making almost two hundred thousand dollars a year. I'm in my early thirties and I literally feel like, I mean this guy just blew me away and this kid's throwing blocks at me. I'm smiling and I'm like, what are these people going to get off the train? Because there's nowhere else to move. And it's like, I just want to think right. So eventually they got off and I'm just thinking, like, you know, what can I do? And I've always felt like I was a people person. I had great experience talking to clients primarily on the phone. And I was like, hey, what what can I do to make a difference? What can I do where I'm still, you know, attached to the stock market and help people kind of pursue my passion of having my own firm. And so I kind of went back to the office. I started talking to the CFPs®, as we had in our office, and realized that in the client relationship, that the financial planning was kind of more important than the investment management piece because, you know, sometimes, you know, you've got to look at the performance of the portfolio. Maybe we didn't have the best performance or maybe we were underperforming the market some years pretty badly. But we still maintained a large client base. And so I'm like, watch this. And I'm talking to the financial planners. And I'm like, why is this? Why-why do we still have clients when we're having this bad year in the market? They're like, it's because we provide a tremendous amount of value. So I kind of

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started talking to them. And it was funny because the portfolio managers were the ones that made all the money and the financial planner was almost seen as support. And I was like, oh, this does it. This doesn't seem right to me. Right. And so I started talking to them and the financial planners thought the portfolio managers didn't do anything the and vice versa. They didn't think the financial planners anything. So I was like, you know, maybe this is something that I can pursue. And I thought I had a strong background where I could talk about the market. And then I was like, maybe if I pursue the CFP® that will give me that other missing piece. And I didn't see myself as like, hey, I'm going to build a firm where one person is a portfolio manager and one person is a financial planner. I just figured out what do it all. And so I started pursuing the CFP® based on that humbling train ride home from New York. And you know, got that a year later. And then through the course of that time, the decided it decided to leave the team and go through the training program at Bear.

Maddy Roche: [00:39:25] Lamar, thanks for that background and what an incredible journey you had to make this decision. And I love this concept of you being kind of continually humbled along the way. And what a wonderful thing to be able to say you've learned. I'm interested in kind of current day about your firm and how it's going and what it's been like. Is it-is it everything you thought it would be like to have left kind of the high salary, the high stakes that you were in before?

Lamar Watson: [00:39:48] Yeah, it's-it's been very rewarding, you know, I think so. I launched my firm a little over a year ago in the summer of 2019, and the first year was really tough through the end of the first year or the end of that year for six months. I think I've only signed one client and that came in December. So I had one paying client. Part of that was, I didn't get my website up for-for several months after I got approved. And as a virtual

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firm, that's the whole ballgame, right? You want to have a good digital presence. So that being said, this year, you know, 2020 has been a great year for me. And now I'm working with about two dozen clients who all except for two are ongoing. And most of that growth has really come since June. So the last-the last half of this year has been really good for me. And I'm excited about the clients I work with, which are primarily young professionals in their 30s, you know, recently married young families helping them build and define their budget, optimize their employee benefits and hopefully getting their first home and work with them as they're looking to start a family.

Maddy Roche: [00:40:54] Incredible. What has it been like to pivot your focus to the financial planning side of this? Do you feel like that really is where the value is?

Lamar Watson: [00:41:03] So much so. And I think, you know, what I always tell folks is if you think about financial planning, everything starts with the budget, right? So you want to build the budget and know how much you're spending and saving and what your personal balance sheet looks like. And then everything else is going to derive from that. And from my prior experience being very focused on the investment management side, that's almost the last thing I talk about now, because it's like, hey, do you have an emergency fund? Are you properly insured from the employee benefits perspective in terms of disability, long term, short term disability, you know, life insurance, or are you taking advantage of your match from your employer in terms of your 401k? Do you have basic estate planning documents and and things of that nature. So I find most of my conversation with clients, you know, is built around those important building blocks. And then we really almost talk about investments at the-at the end of that process now.

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Maddy Roche: [00:41:55] Incredible. And going from I mean, two hundred thousand dollars a year is no joke money. And I'm interested, what was that experience like to go from a consistent paycheck to all of a sudden realizing you have to develop this business on your own? What was that mindshift like?

Lamar Watson: [00:42:11] Yeah, so it was a lot it was a big mindshift and I figured it was going to be tough. So kind of here's what I did. So I worked with a big team. I had that salary. When I left that team and stayed at the firm, I took about a fifty percent pay cut, but I was still making, you know, crazy. It was like, I was still making six figures. And so I was like, well, maybe if I do this, I could do it gradually. Right. And so I kind of took that fifty percent pay cut, did that for two years. Something I do want to highlight is when I made that decision shortly after that, a month after I left the team and stayed at the firm actually had a stroke. So I was in the ICU for three or four days. Thankfully, my girlfriend, I could see the hospital now from my- from my window. So we're really close to a hospital. My girlfriend made me go. I probably wouldn't have went and if it wasn't for her, quite frankly, I might not even be here right now. So I left this team six weeks later. I have a stroke. I'm in the hospital. And I mean, what a way to start off your career, you know, as a solo advisor. So I was in the hospital for about a week. And so that just kind of put me behind the eight ball as I was going to take the CFP®. This was in May. I was going to take the CFP® in July, but actually had to push it back to November, you know, because of that. So I took this big pay cut right (laughter). Now I'm having this stroke. So it was a really tough launch. And I'll be honest, when you're in a broker training program, you have these high sales hurdles you're going to meet. I got some house accounts, but I wasn't knocking the ball off. I'm not going to sit here and lie and say, hey, I was hitting all these targets and bringing in accounts left and right, it was-it was a struggle. So to the listeners out

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there, there in the broker dealer world that had these sales hurdles to meet, it's tough. And I understand that it's tough. But because I had the good salary, I was able to put myself in a position, you know, to have enough of a cushion. And more importantly, I had a girlfriend, be honest, who moved in with me and we split our expenses fifty-fifty. And if it wasn't for her and having her support financially, it would have been much more difficult to launch my own firm.

Maddy Roche: [00:44:11] Fascinating. So you-you kind of alluded to having a slower start and then -.

Lamar Watson: [00:44:15] Yeah

Maddy Roche: [00:44:16] - things really picked up twenty four clients. That's, that's way ahead of the, the expectation kind of set in the XYPN Benchmarking Survey and so forth, that-that is a lot of clients in your first year and a half talk about kind of what it's been like to service twenty four some clients.

Lamar Watson: [00:44:30] Yeah. So the first, I mean, like I said, the first year or so was pretty slow. It's been picking up now and it's it's really rewarding. So I do have to give credit to XY Planning Network I-I was getting a lot of leads continue to get at least four or five leads pretty consistently per month from XY Planning Network, and now it's-it's tilted more towards organic Google search, so I put a lot of money into my website, into search engine optimization through twenty over ten, and they did a great job. They said, hey, it's going to take about six or nine months for this to start bearing fruit, you know. And they were true, they were very

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true to their word. So before June I was like I thought I was kind of working a part time job. Now it's like I'm definitely working a full time job, but it is rewarding. Most of my clients have never worked with a financial adviser before. So I feel it's my job to present our profession in a good light and take their goals seriously. I should also say our pricing has went up dramatically since I started my firm and but on purpose I don't want my pricing to be a hindrance to somebody working with me. I always tell my clients the sooner we can get the money out of the way, you have to pay me, because I do have bills to pay, right? The happier I am because we can get focused on the work that we're going to do for them. And more importantly, most of my clients, a lot of clients that are finding me through XY Planning Network are African-American or black or other minorities. So if you think about the racial wealth gap in this country, I don't feel right saying, hey, I want to work with my peers. Right. Other black people, you know, young, professional in their 30s and also come through while acknowledging there's a racial wealth gap, but charging really, really high fees of like eight, nine, ten thousand dollars because it just doesn't make sense. It would make it impossible for me to work with those people. So for individuals, my base pricing now is typically going to run about three thousand dollars per year and up. And for families it's going to be about forty two, forty three hundred and up. So I try to make that pricing accessible for my clients and the target audience that I want to work with.

Maddy Roche: [00:46:39] Incredible. As you kind of consider this past year and a half, was there anything unexpected about doing this, launching your own business thing that that you hadn't prepared for yet?

Lamar Watson: [00:46:53] Well, I will say the first thing that surprised me is everything takes longer than you think it's going to be, especially with my website. I mean, it took me, you know, about four months, four and a half

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months to, you know, to get that done. And so I'd say whatever you prepare for budget wise in terms of what your expenses are going to be, I know a lot of people mention listen to Sophia Bera's podcasts about, hey, I launched a firm for ten thousand dollars. It's going to be more than that. Right. So I think I spent about 20 or so in just upfront cost of establishing a firm. So I'd say don't underestimate your cost if this is a step you're considering in launching your own firm. And just if you think something's going to take a week and that's your thought process, just make in your plans, it's going to take two weeks or just double the time frame that a lot of things are going to take.

Maddy Roche: [00:47:43] Great advice, Lamar, such a fascinating background. I love your passion. It's so clear how much you love this work and love this industry. And I so appreciate that comment about, you know, working with folks for the first time in this industry. It's-it's so important that we show them how-how incredible this side of the industry is. And thank you for that and thank you for being a role model to a lot of folks out there that are going to listen to this and want to do what you do. Any final words to our listeners knowing that you two were a long time listener of #XYPNRadio?

Lamar Watson: [00:48:13] Yeah, I just say, you know, if you are considering launching your own firm, there are a lot of things that XY helped me with would have probably been much more difficult for me in terms of compliance and getting that started in terms of having a tech stack. So I'm using RightCapital and Wealthbox and all that good stuff. So I think it's just been instrumental in my support, the amount of potential clients that reach out to me through the-through the find an advisor portal. But just don't be afraid, don't be afraid to fail. And it's like I've heard other people say, it's, you know, you can either work on your dream or you can

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work with your boss's dream. And I think, you know, just taking that leap of faith, taking that jump and decided to bet on myself and kind of build my dream and help my clients build their dream, you know, has been very, very rewarding. So don't be afraid to kind of make that jump in bettering yourself.

Maddy Roche: [00:49:05] Well said, Lamar.

[00:49:05] -- swish --

Maddy Roche: [00:49:08] Avocado toast, selfies, a mountain of student loan debt, Gen Y is anything but traditional, and with over seventy five million people, it's a population you don't wanna ignore. Learn more about how to serve this unique population in our guide called Attract and Profitably Serve Millennial clients in your RIA. Discover three key ways to tap into the millennial market and six things that they want from their financial advisor. Visit XYPlanningNetwork.com/Millennials for your free copy. Be sure to join our VIP community at XYPlanningNetwork.com/VIP to hang out with other #XYPNRadio listeners, ask questions for future mailbag episodes, and finally to find a community of like-minded financial advisors. Thank you so much for joining me today, we'll see you next time.

Narrator: [00:49:56] You are not alone and you are not crazy. It's scary starting, building, and growing your own financial planning firm. And that's why we put together a free private community just for you, the cutting edge financial planner. Go to XYPlanningNetwork.com/VIP or text #XYPNRadio to 33344 and join a network of thousands ready to change the lives of Gen X and Gen Y clients.

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