

Protect and Prosper

An Interview with Timothy J. Gerend, Executive Vice President and Chief Distribution Officer, Northwestern Mutual

EDITORS' NOTE Timothy Gerend was named Executive Vice President and Chief Distribution Officer in 2019 after assuming executive responsibility for all aspects of Northwestern Mutual's career distribution system in July 2018. In this capacity, he also serves as a member of the Senior Leadership Team, which oversees Northwestern Mutual's strategy, execution and operations. Gerend joined Northwestern Mutual as an attorney in 2002 and has held a variety of positions of increasing responsibility in the Law, Field Compensation & Planning, Enterprise Compliance and Agencies departments. In 2008, he was appointed an executive officer of the company. From 2011 to 2013, Gerend also was responsible for leading the company's long-range campus planning initiative. Gerend moved back to the Distribution function in October 2013 and since that time has been focused on distribution health and growth. Before joining Northwestern Mutual, he was an associate in the Commercial Litigation Practice Group at Seyfarth Shaw in Chicago. Gerend serves on the board of the Schlitz Audubon Nature Center, where he is past president, and he is a board member of Milwaukee College Prep, a leading charter school that serves Milwaukee's inner city. He has served on the advisory board for the Center for Ethics in Financial Services and on the CFP Board's Center for Financial Planning and now serves as a trustee of the American College. Gerend is a graduate of Butler University with a BS in economics and received his JD from the University of Notre Dame.



Timothy J. Gerend

COMPANY BRIEF Northwestern Mutual (northwesternmutual.com) has been helping people and businesses achieve financial security for more than 160 years. Through a holistic planning approach, Northwestern Mutual combines the expertise of its financial professionals with a personalized digital experience and industry-leading products to help its clients plan for what's most important. With more than \$334 billion in total assets, \$34 billion in revenues, and \$2.1 trillion worth of life insurance protection in force,

Northwestern Mutual delivers financial security to more than 4.75 million people with life, disability income and long-term care insurance, annuities, and brokerage and advisory services. The company manages more than \$244 billion of investments owned by its clients and held or managed through its wealth management and investment services businesses. Northwestern Mutual ranks 90 on the 2021 FORTUNE 500 and was recognized by FORTUNE® as one of the "World's Most Admired" life insurance companies in 2022.

How do you define Northwestern Mutual's purpose?

At Northwestern Mutual, our purpose has always been to help individuals build their financial security so they can worry less. Every day we strive to help Americans and their families live the lives they want, and the lives they never thought they could – especially as the world becomes more complex.

Our financial advisors aim to be the partner people turn to during times of optimism and uncertainty, and our employees

constantly work to support the success of advisors and clients. Our goal is to alleviate the anxiety that often comes with navigating financial priorities, while helping to plan for and achieve long-term goals by being a trusted and knowledgeable guide that inspires our clients to take action.

Additionally, as a mutual company, we are owned by our policyowners, meaning that we exist to serve them. This allows us to operate with a different mindset – one in which we are unflinchingly focused on the long term and our interests are fully aligned with those of our clients.

What sets Northwestern Mutual apart in the industry and how do you describe the Northwestern Mutual difference?

Our talented force of advisors is truly what sets Northwestern Mutual apart. The long-term relationships they build with clients and the immense value they provide in helping them stay on course financially is a true differentiator and the engine behind this company's longevity and growth. While we have made significant investments in technology and evolved the client experience, we remain "all in" on the importance and value of human relationships and the role of a trusted advisor. This human plus digital approach has proven to be the right recipe for best meeting our clients' needs. There is no technology, tool, or robo advisor that can replace the empathy, care and responsiveness of a human being.

Because our advisors are so critical to our success, we have invested deeply in their success. We are currently rolling out a new national training program to help ensure our advisors are ready to meet the challenges of tomorrow. We also provide an expansive range

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of resources and support – including mentoring, practice management coaching, study groups and joint work partnerships – to help advisors adapt and thrive in an ever-changing environment. Last year, we launched a Private Client Group for our most sophisticated practices to meet their needs and support the capacity, credentialization and capabilities of practices working predominately with higher-net-worth individuals.

Northwestern Mutual is also unique for being one of the most financially sound companies in the U.S., earning the highest available financial strength ratings by all of the four major rating agencies – A.M. Best, Fitch, Moody's, and S&P. As a mutual company, Northwestern Mutual shares its success with policyowners in the form of annual dividends which are expected to eclipse \$6.5 billion in 2022 – our largest payout ever, reinforcing our commitment to provide an unparalleled combination of financial strength and long-term product value.

Finally, we believe strongly that fostering a culture of inclusion and mutual success helps our advisors persevere through challenging environments. Our most successful advisors embody an “abundance mentality,” meaning that they embrace the idea that giving freely of themselves to others has long-term positive impacts for themselves as well as those in their sphere of influence.

Will you provide an overview of your role and areas of focus?

As the chief distribution officer, I am responsible for the growth and success of Northwestern Mutual’s distribution system, consisting of more than 7,000 financial advisors nationwide. Since joining the company 20 years ago as an attorney, I have led the company in many ways, but this role has been the most rewarding.

Alongside my team, we directly address the trends, challenges and opportunities facing the talented individuals who choose to build a career with us as field leaders and advisors. We support these leaders and advisors through their entire career journey – from the initial days of developing a practice to sophisticated applications targeting niche client segments. No matter where the advisors sit on their journey, we provide the forward-looking approach to the career development necessary to thrive in today’s environment.

How do Northwestern Mutual’s financial advisors fulfill their mission to help people find their financial security?

Establishing a strong advisor-client relationship is the most critical element underlying our advisors’ ability to succeed in helping clients achieve their goals. The best relationships last for decades and evolve with the client’s goals and dreams. Our advisors stay curious about their clients and focused on their best interests. They suggest the right mix of solutions at the right time, depending on the client’s life stage and unique circumstances.

We have a holistic approach to financial planning, which we call “protect and prosper,” delivered through our proprietary planning tool we call PX. We know that the most solid financial plans account not only for the growth side of the equation, but also for the risk management side. While our roots are in insurance, we are also one of the largest independent broker-dealers in the country. We understand that optimizing a plan with insurance, investments and guaranteed income is much more powerful in helping clients reach their goals and we are well-positioned to deliver this approach given our industry-leading offerings. This approach was validated by EY, which published a report proving that combining whole life insurance, investments and income annuities leads to better outcomes for clients in retirement in terms of probability of success, amount of retirement income and legacy impact.

Our advisors also fulfill their mission by evolving their practices to reflect the preferences, needs, and lifestyles of their clients. In connection with our holistic approach, our advisors are also integrating technology and digital tools to give clients new ways to connect and new ways to see their financial plans in action.

Through lasting relationships, meaningful understanding of client goals and technology to meet today’s client expectations, our advisors are delivering a comprehensive approach on the client’s terms.

What are the key characteristics that make for a successful financial advisor?

The role of a financial advisor requires an entrepreneurial spirit, service orientation, and the discipline to remain focused on a long-term strategy. Advisors must be avid listeners,

calm communicators, empathetic counselors, credible experts and trusted partners. This is a job for people who find meaning and motivation in helping others achieve their aspirations.

Other critical characteristics include resilience and a lifelong love of learning. This industry has evolved at a breakneck pace in recent years and isn’t slowing down anytime soon. Advisors are constantly adapting and acquiring new knowledge and skills.

It’s a demanding but very rewarding career and we take great pride in helping prepare advisors to meet the demands of the role. First, we have a dedicated field leadership model that excels at recruiting, supporting, encouraging and growing incredible advisors. We are investing in professional development for advisors, whether they be new entrants or seasoned practitioners, in several ways. We are doubling down on technology integration by introducing new digital tools and solutions to support advisors and their clients. We are providing resources to help advisors develop the skills needed to build trusting advisor-client relationships. We are actively personalizing advisor instruction by using analytics and applying digital, bite-sized learning concepts to offer creative learning experiences for our advisors. We are encouraging career-advancing designations as a way to enhance their capabilities and bolster their ability to attract clients and talent. Last, but certainly not least, our advisors benefit from our incredible culture, where they will be challenged to grow and supported on a daily basis.

How critical is it for Northwestern Mutual to build a diverse and inclusive group of financial advisors and will you highlight these efforts?

Fostering a diverse and inclusive force of advisors is critical to our continued success and growth. With women and racially diverse communities growing their share of the country’s wealth, having advisors who understand their preferences and goals is paramount. As part of this imperative, we have done a lot of reflecting and self-examination on where we have been and where we want to be when it comes to the diversity of our advisors and corporate employee base, and we are taking meaningful actions that are yielding results.

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This isn't a new initiative at Northwestern Mutual. We have long been focused on building an inclusive culture and in recent years accelerated that work with dedicated efforts to encourage greater racial and gender diversity. For example, we recently launched a Women's Field Association, which represents thousands of women across all field roles in our system, to help us ensure that we are advancing work that will enable more women to join, succeed and stay in this incredible career.

Another example is our partnership with HBCU First, a nonprofit organization that works with the 101 historically black colleges and universities (HBCUs) across the country, whose mission is to increase college success and career access for Black youth. Through this partnership, we've been able to connect with HBCU students on career opportunities within the financial services industry while providing professional development.

In addition to attracting more diverse talent, we are focused on developing more diverse leaders throughout our field of advisors and organization. Simply put, more diverse leaders are more likely to attract and retain diverse advisors. To better accelerate opportunities for women and people of color, we are looking for professionals across all roles to participate in dedicated programs based on their leadership potential and we are rallying Allies to join us in this important work.

Another effort I'll highlight is an initiative called Distribution Growth Ventures, which is focused on expanding to underpenetrated markets – essentially places where people need financial advice, but don't have local options. Last year, we announced the opening of two new offices, located in New York's Harlem and Cedarhurst, Long Island. Our Harlem office is led and staffed by professionals from nearby neighborhoods – a group that is eager to identify opportunities for financial education and support for businesses owned by Black, Latinx, and other historically underrepresented groups. The Cedarhurst office is serving the predominantly Orthodox Jewish community of Five Towns Long Island.

These are just a few examples of the types of tangible actions we are taking. The exciting news is that these efforts are bearing fruit. In 2021, nearly 50 percent of Northwestern Mutual recruits were diverse, compared to 28 percent in

2011. In 2021, 25 percent of our leaders were diverse, compared to nearly 14 percent in 2011.

While we have evolved and are proud of the work we have accomplished, there is still more to do – and we welcome that with open arms.

Do you feel it is a responsibility for Northwestern Mutual's financial advisors to be engaged in the communities they serve and how is this commitment a part of Northwestern Mutual's values?

Supporting our communities is part of our DNA. This career attracts people who want to serve others and that definitely extends to community impact. We embrace the responsibility to be a force for good and a responsible participant in the communities we serve. It goes back to that concept of an abundance mentality. When we invest without reservation in our communities, we invest in our future success too.

We provide opportunities for our employees and advisors to give back through exclusive partnerships like Alex's Lemonade Stand, a foundation dedicated to fighting childhood cancer. Our efforts have resulted in the funding of more than 500,000 hours of cancer research. That's something our advisors and employees feel very invested in and proud of. In addition to our partnership with Alex's, our advisors and field leaders serve countless local organizations, and we celebrate this impact every year with our Community Service Award.

We are also incredibly committed to the success of our hometown – Milwaukee, Wisconsin, where Northwestern Mutual is headquartered. We have significant volunteerism efforts and rally our employees to contribute to several local causes.

What do you tell young people about the career opportunities that being a financial advisor provides?

Being a financial advisor provides individuals with the opportunity to not only create a meaningful future for themselves, but for others as well. The personal rewards of helping others navigate challenges and come out ahead can't be overstated. This is a compelling proposition for many who want a career that is more than just a job.

This career also offers strong earning potential and the opportunity to build something from the ground up. The barriers and cost to entry are low and there is significant support and training available. Our advisors are entrepreneurs who have a unique opportunity

to build and lead a business with the support of Northwestern Mutual's industry-leading offerings, brand, and resources. We know our value proposition is resonating because we continue growing our pipeline of talent. Since the beginning of 2020, Northwestern Mutual has seen a 20 percent increase in new financial representatives.

Something I am particularly excited about right now is that the points of entry for the advisor career path are expanding. This career path allows you to make a meaningful impact, but you do not necessarily have to do it alone. There are more opportunities for people to join existing teams in different types of roles that suit their strengths and that offer upward mobility.

Within an industry that is aging, 57 percent of Northwestern Mutual's advisors are under the age of 40. By empowering a team that includes newer entrants, we are helping bring different types of talent into the industry at a time when demand for advice is growing and much of the advisor workforce is aging. What is most exciting to me right now is that our advisors at all stages see unlimited opportunities to grow and impact their communities.

You joined Northwestern Mutual 20 years ago. What has made Northwestern Mutual so special for you and a place where you have wanted to spend so much of your career?

And what an enjoyable and fulfilling 20 years it has been. Over the course of that time, I have worn many hats, learned a lot about the business, and evolved along with our quickly changing industry landscape. There is never a dull moment.

My passion for this company stems from my commitment to our mission to bring financial security to our clients and my belief that our offering is the best in the industry. The reason I have stayed and grown my career here is simple. We have a noble purpose, we are values-driven and focused on doing the right thing for our clients, and I have the privilege of working in an incredible culture with great people, including our amazing advisors and field leaders. Playing a role in enabling their success is extremely rewarding.

I'm really proud of the work being done and am encouraged by the future of the company. ●