

# PROVIDING FINANCIAL ADVISORY & PLANNING SERVICES TO BLUE COLLAR CLIENTS



## A LITTLE BIT ABOUT ME: KATHY HAUER, CFP®<sup>®</sup>, EA, MBA

- Worked for 20+ years in the construction industry
- Financial advisor whose clients include blue collar workers
- Adjunct Professor at Aiken Tech and USCA
- Financial writer for Investopedia, CNBC, Nerdwallet, and other media sites
- Adjunct Professor at Aiken Tech committed to educating and empowering people of all socioeconomic groups to keep themselves financially safe and grow their money effectively
- Speak at businesses, construction sites, high schools, libraries, career fairs, manufacturing facilities, military installations, and community groups to raise awareness about financial knowledge and safety

# OUTLINE

- Definition of “blue collar” workers
- Wages and potential net worth of this group
- Perceptions of blue collar workers
- Common characteristics
- Disadvantages of blue collar jobs
- Unique financial difficulties (financial scams, debt)
- Case study and techniques that work
- Conclusion



## DEFINITION OF “BLUE COLLAR” WORKERS

- People who do more physical work than desk work at jobs that don't require a four-year college degree.
- Job set includes trades people (carpenters, ironworkers, cement masons, pipefitters, operators, laborers, etc.); transportation workers (truck drivers, public transportation workers); automotive technicians; radiological and other technicians; workers in the oil and gas industry; healthcare technicians; police and safety workers; and others.
- Although people in other categories such as retail workers, food service workers, etc. perform valuable service, the jobs don't fit the blue collar definition I'm thinking of.
- From a behavioral finance standpoint, it's a group with high distrust.

# COMPARATIVE WAGES AND NET WORTH

## Blue Collar Jobs

1. Nuclear power reactor operator (\$82,270 or \$39.55 per hour)
2. Gas plant operator (\$63,398.40 or \$30.48 per hour)
3. Union Ironworker (\$64,480 or \$31.00 per hour)
4. Aircraft mechanic (\$56,850 or \$28.29 per hour)
5. Transportation maintenance (\$65,770 or \$31.62 per hour)
6. Heavy mobile mechanic (\$51,778 or \$20.38 per hour)
7. Motor vehicle operator (\$45,000 or \$21.64 per hour)
8. Electronics mechanic (\$52,420 or \$25.21 per hour)
9. Electrician (\$52,910 or \$25.44 per hour)
10. Electrical power-line installer and repairer (\$64,990 or \$31.24 per hour)
11. Elevator installer and repairer (\$76,490 or \$36.77 per hour)
12. Police officer (\$52,576 or \$25.27 per hour)

*\*\*Plus Overtime Pay*

## Jobs Requiring 4-yr Degree

- Teacher in South Carolina – \$26,000  
(\$12.50/hour)
- Communications consultant – \$32,000  
(\$15.38/hour)
- Business analyst (Master's degree required) –  
\$45,000 (\$21.63/hour)
- Human resources manager – \$45,500  
(\$21.87/hour)
- Credit Analyst – \$37,000 (\$17.18/hour)
- Park Supervisor - \$32,309 (\$15.53/hour)

*\*\*No overtime pay*

## LIFETIME EARNINGS

- Additionally, many professional jobs have relatively low caps on how much an employee can ever make.
- When you consistently earn a lower salary, you make less over the course of your career.
- For example, a guidance counselor's median salary is about \$43,000, which works out to about \$1M over a lifetime career. An ironworker making about \$72,000 per year could earn about \$3M.
- These are potential clients with strong net worth who are often ignored by advisors.

# PERCEPTIONS

- Just because the *reality* of blue collar work requires smarts doesn't mean the *perception* keeps up.
- Few people have been exposed to the value of blue collar work, which makes it hard to convince many Americans that blue collar work is worthwhile.
- How can advisors connect?



## NEED FOR BLUE COLLAR WORK

- Regardless of our perceptions of blue collar work, our dependence on the end products it provides is undeniable.
- We need people who are able to build roads, unearth oil, transport goods, service machinery, construct buildings, repair and maintain things, and do the many other blue collar tasks essential to our survival.
- As a non-mechanical person, I view my AC repair person, the SCE&G worker who restores my electrical power, or the folks who rescue me from a stuck elevator as heroes.
- When you have a real problem, you want a real solution, and highly trained blue collar workers are the people who provide it.





## TRAINING AND SKILLS



- Blue collar workers of today are much more educated and more highly trained than workers of the past.
- Lack of formal education and a culture of individualism can foster an environment where financial scams proliferate.
- The “get rich quick” mentality prevails.
- Advisors may need to spend more time explaining and educating.

## CONS OF BLUE COLLAR WORK

- **The Physical Aspects of Blue Collar Work** - Retirement from a physically demanding blue collar career may need to come a little earlier than retirement from career at a desk. Even if years of hard work have kept you fit, the demands of climbing, bending, and moving may become too much in your 60's.
- **Dealing with Periods of Unemployment** - As discussed above, some blue collar careers come with unemployment when you are between projects. It's hard enough to save when you have a regular steady job.
- **Frequent Changes of Employers** - As a union member or contract worker, you may find yourself with a long list of companies for which you've worked



## CASE STUDY – DARRYL & LUCY PICKENS

- Butcher (\$42K/year); retail worker (\$23K/year)
- Darryl had a trading account; self-taught trader; no formal education
- Had some luck but made mistakes and wanted to hire a formal investment advisor
- Completed risk tolerance survey as aggressive investors; used sector ETFs and some single stocks
- Created a financial plan for them that showed a less-than-rosy retirement
- Happy with progress that started out going up; when part of the portfolio went down, requested immediate sell
- Eventually ended relationship with us to trade on his own

## LESSONS LEARNED



- Risk tolerance survey necessary to protect advisor but may not be true indication of client risk level
- Working with clients lacking formal education can be a challenge

# CONCLUSION

- Thanks for your time!
- *Financial Advice for Blue Collar America* available in hard copy here or can be ordered from Amazon as hard copy or ebook
- Also available in Spanish
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