

WHY YOU SHOULD WORK WITH A CFP®

Those three little letters signify some very high standards in financial planning.

“Certified Financial Planner” – what does that title really mean? When you search for a financial advisor, it means everything. Let me explain why the CFP® designation is so important.

Today, the financial world is full of credentials and designations. Some are respected, some aren't. The CFP® designation is easily the most respected. You really have to earn it. (There are some financial credentials simply conveyed to people after the completion of a glorified sales course. The CFP® designation is not one of them.)

It denotes education. To become a CERTIFIED FINANCIAL PLANNER™ practitioner, you have to study financial planning at a college or university (or at the very least, through an educational program) that offers a comprehensive financial planning curriculum. You also have to pass a 10-hour exam administered over two days (kind of like a bar exam) which covers financial planning, tax planning, employee benefits and retirement planning, estate planning, investment management and insurance topics.

It reflects ethical and experiential standards. Before you can be certified as a CFP®, you must pass a strict ethics review and agree to work by the CFP Board's Code of Ethics and Professional Responsibility. As a CFP® practitioner, you must put the interests of the client first, and act “fairly and diligently” when providing financial planning advice and services. Those services must be based on the client's needs, and delivered with objectivity and integrity. You must also have at least three years of experience working within the financial planning field before you can even earn the CFP® certification.

You must maintain these standards. As a CFP® certificant, you have to be recertified every two years. That requires at least 30 hours of continuing education, so that you may stay informed of the latest developments affecting the financial planning profession. Two of those 30+ hours must be spent studying the CFP Board's Code of Ethics and Professional Responsibility or Financial Planning Practice Standards.

This is why the CFP® designation is so respected. Knowing all this, would you settle for any less qualified financial advisor? I doubt it.

The critical difference. Many people today call themselves “financial planners” without having this kind of experience and knowledge. Many of them work with a sales-based mentality. Often, they will suggest an investment product as a financial solution. Quite often, they get a nice commission off the sale of that product.

On the other hand, CFP® practitioners know that investments are simply components in an overall financial plan, not financial solutions in themselves. We have the education and experience to create integrated financial plans using not only investments, but also strategies for tax reduction, wealth accumulation, wealth preservation and tax-efficient wealth transfer. We have the knowledge to plan for the long-term goals of our clients, and the experience to implement, oversee and revise these plans through the years.

Choose a CFP®. If you are searching for financial planning advice, you should first see a CERTIFIED FINANCIAL PLANNER™ practitioner. Talk to a CFP® practitioner today, and enjoy the confidence that comes from meeting with a truly educated and qualified financial advisor.