

Why are the CFP® Certification Requirements Important?

Most people think that all financial planners are "certified," but this isn't true. Anyone can call himself or herself a "financial planner." Only those who have fulfilled the certification and renewal requirements of CFP Board can display the CFP® certification marks. When selecting a financial planner, you need to feel confident that the person you choose to help you plan for your future is competent and ethical. The CFP® certification provides that sense of security by allowing only those who meet the following requirements the right to use the CFP® certification marks.

CFP® Certification Requirements

Education: CFP® professionals must develop their theoretical and practical financial planning knowledge by completing a comprehensive course of study at a college or university offering a financial planning curriculum approved by CFP Board. Other options for satisfying the education component include submitting a transcript review or previous financial planning-related course work to CFP Board for review and credit, or showing the attainment of certain professional designations or **academic degree**.

Examination: CFP® practitioners **must pass a comprehensive two-day, 10-hour CFP® Certification Examination** that tests their ability to apply financial planning knowledge in an integrated format. Based on regular research of what planners do, the exam covers the financial planning process, tax planning, employee benefits and retirement planning, estate planning, investment management and insurance.

Experience: CFP® professionals **must have three years minimum experience in the financial planning process** prior to earning the right to use the CFP® certification marks. As a result, CFP® practitioners possess financial counseling skills in addition to financial planning knowledge.

Ethics: As a final step to certification, CFP® practitioners agree to **abide by a strict code of professional conduct, known as CFP Board's Code of Ethics and Professional Responsibility**, that sets forth their ethical responsibilities to the public, clients and employers. CFP Board also performs a background check during this process, and each individual must disclose any investigations or legal proceedings related to their professional or business conduct.

How does CFP Board's Code of Ethics Benefit me?

Through the *Code of Ethics*, CFP® practitioners agree to act fairly and diligently when providing you with financial planning advice and services, putting your interests first. The *Code of Ethics* states that CFP® practitioners are to act with integrity, offering you professional services that are objective and based on your needs. They are required to provide you with information about their sources of compensation and conflicts of interest in writing.

Ongoing Certification Requirements

Once certified, CFP® practitioners are required to maintain technical competence and fulfill ethical obligations. Every two years, they must complete a minimum 30 hours of continuing education to stay current with developments in the financial planning profession and better serve clients. Two of these hours are spent studying or discussing CFP Board's *Code of Ethics or Practice Standards*.

Common Questions About Financial Planning

Q Who can use the term "financial planner"?

A The government does not regulate financial planners as financial planners; instead, it regulates planners as stock brokers, insurance agents or investment advisers, depending on the services they provide. As a result anybody can "hang out a shingle" and call himself or herself a financial planner. *10 Questions to Ask When Choosing a Financial Planner*, can help you look for someone who is qualified to offer financial planning advice. The brochure contains questions to ask during an initial interview with a planner to help you determine if he or she is right for you.

Q Why should I choose a financial planner over another type of financial adviser?

A A financial planner should focus on your needs first before recommending a course of action. Most planners have been trained to take a broad look at your financial situation, while accountants, investment advisers, stockbrokers or insurance agents may focus on a particular area of your financial life. Always ask a financial adviser what qualifies him or her to offer financial planning services. See pages 3 through 5 for descriptions of different types of financial advisers.

Q What is the best age to start financial planning?

A While it is true that the younger you start the more beneficial the process will be, financial planning is worthwhile at any age. Although younger people may have more decisions to make regarding their financial lives, changing laws and circumstances can lead middle-aged people and seniors to have to adjust their financial plans as well. Changes in tax law, for example, may require many people to revisit certain investments or estate plans, and adequate disability planning becomes more important as people age.


Q How are financial planners paid?

A There is currently no uniform method by which financial planners are paid. A planner can be paid by a salary paid by the company for which the planner works; by fees based on an hourly rate, a flat rate, or on a percentage of your assets and/or income; by commissions paid by a third party from the products sold to you to carry out the financial planning recommendations; or by a combination of fees and commissions whereby fees are charged for the amount of work done to develop financial planning recommendations and commissions are received from any products sold. Be sure to ask the planner how he or she is paid.

Q Do I have to pay a financial planner for the first interview? How much does a planner typically charge?

A Most financial planners will provide you with one free half-hour or hour meeting to talk about your reasons for wanting to work with them. During these initial interviews, the planners will also decide if they can help you and explain how they would work with you. Like other professionals, the rates financial planners charge depend on their experience, geographic location, level of services and your needs. Interview more than one planner to get an idea of the going rate for financial planning services.

Marks of Quality

CFP®, CERTIFIED FINANCIAL PLANNER™ and  are certification marks owned by Certified Financial Planner Board of Standards Inc. (CFP Board), which can help you identify financial planners who are committed to competent and ethical behavior when providing financial planning. Individuals certified by CFP Board have taken the extra step to demonstrate their professionalism by voluntarily submitting to the rigorous CFP® certification process that includes demanding education, examination, experience and ethical requirements. These standards are called “the four Es,” and they are four important reasons why the financial planning practitioner you select should display the CFP® certification marks.

Don't just take our word for it?

Planners Wanted ASAP

“The credible planners will have at least one of three designations on their business cards: CERTIFIED FINANCIAL PLANNER™ professional (CFP® marks are the best-known credential), Chartered Financial Consultant (ChFC, for planners who use insurance to reach financial goals) or Personal Financial Specialists (PFS, held by certified public accountants). All three will have taken serious courses and passed difficult exams.”

Jane Bryant Quinn
Newsweek
March 3, 2008

Do You Need Insurance for Long-Term Care?

“Don't choose a policy solely on the seller's recommendation. Get a second opinion from a CERTIFIED FINANCIAL PLANNER™ professional or an elder-law attorney.”

Lynn Brenner
Parade
February 17, 2008

Money Smart - Find the Right Financial Adviser

“Ask about education and certifications, like CFP® (certification, CERTIFIED FINANCIAL PLANNER™ certification) or ChFC (Chartered Financial Consultant), which require continuing education.”

Sharon Epperson
USA Weekend
February 2, 2008

“Many Americans find themselves wondering how to find the right financial advisor, says Joseph Borg, past president of the North American Securities Administrators Association (NASAA) and director of the Alabama Securities Commission.... Watch out for fancy degrees or titles. Many aren't worth much, (although) degrees such as CFP® certification or ChFC are recognized as being earned by someone who has put in the time to study.”

USA Today
January 19, 2008

Discuss Long-Term Care Issues Before Parents Have Problem

“Step back and evaluate: If you find that the conversations aren't going well, examine your own approach to see what might be the problem. You might suggest that your parents talk with a third party - an estate planner (see www.aaepa.com), a financial adviser (www.CFP.net) or a lawyer (www.naela.com) - if you think that they could use some expert assistance.”

Jim Miller
Las Vegas Review Journal
December 30, 2007

Make Sure Your Financial Adviser Is Working for Your Future

“What credentials do you have that qualify you to provide me with financial advice? The list of useful credentials is long but two quality ones are CERTIFIED FINANCIAL PLANNER™ certification and Chartered Financial Analyst.”

*Robert Stepleman
Herald Tribune (Florida)
December 24, 2007*

“I like the CFP® certification since it implies a level of comprehensive education into the whole financial planning process--and that's what you need rather than a broker or life insurance agent.”

*Chris Farrell
November 5, 2007
Publicradio.org*

A Big Home-Equity Loan Can Be Risky

“Unless your stockbroker is also a CERTIFIED FINANCIAL PLANNER™ professional, she doesn't have the education, background or experience to advise you on this matter. The same is true for your accountant. He might be great with taxes, but that doesn't mean he understands investments, long-term care insurance, estate planning or sustainable rates of withdrawal -- all topics that need to be covered before you can decide what to do.”

*Liz Pulliam Weston
Los Angeles Times
October 28, 2007*

"When money managers claim to have some designation (e.g., CFP® certification) or belong to a professional association (e.g., NAPFA), check with those organizations to see if they really are members and if there have been any complaints. 'Many designations are meaningless, created by folks looking to charge advisors thousands of dollars for the right to put a few initials after their names; there is little education or certification involved,' says Robert [Brokamp]. 'The gold standards are CFP® certification (for financial planners) and CFA (for investment analysts). They are the real deal.'"

*Tim Beyers
The Motley Fool
September 13, 2007*

"You want someone who is a 'CERTIFIED FINANCIAL PLANNER' at absolute minimum. This designation means the adviser has undergone rigorous testing on key areas of financial planning, has a bachelor's degree [CORRECTION: Before March 1, financial planners could qualify for certified status without a bachelor's degree if they had five years of experience. The 'Ask the Expert' feature in Act Two on Saturday misstated the requirement. PG. A17 NS; A19 C 9/13/07] or higher and has at least three years of practical work experience. CFP® practitioners are held to the highest ethical and professional standards in the industry, and must complete 30 hours' continuing education every two years. They are subject to specific rules and disciplinary procedures and must disclose to clients upfront how they work and how they are compensated."

*Karen E. Klein
Newsday
September 8, 2007*

"CERTIFIED FINANCIAL PLANNER" professionals maintain a broad-based approach to retirement, education, taxes, insurance, estates and other life issues. Investing is a major part -- but just one part -- of the big picture. 'You can't just be crackerjack on investments and get through the CFP® certification exam,' says Karen Schaeffer, a Rockville, Md.-based financial planner and chair of CFP Board, which regulates CFP® practitioners. 'It would be hard to do financial planning without understanding investments, but there's a great deal of financial planning that goes on' beyond investment strategies."

*Jonathan Burton
Wall Street Journal
July 8, 2007*

"Many elderly Americans are receiving financial guidance from advisers with credentials that sound impressive, but can be earned in just a few days. LESS RIGOROUS CREDENTIALS: Certified Senior Adviser, Certified Retirement Financial Adviser, Registered Financial Gerontologist, Certified Retirement Counselor.
MORE RIGOROUS CREDENTIALS: CERTIFIED FINANCIAL PLANNER™ certificants, Chartered Financial Analyst"

Charles Duhigg
New York Times
July 8, 2007

"Some of the most rigorous financial training is offered through the CERTIFIED FINANCIAL PLANNER™ certification program. Those completing the comprehensive college coursework aren't even allowed to call themselves fully fledged CERTIFIED FINANCIAL PLANNER™ certificants without passing a two day exam and having three years' experience under their belts."

Financial Armageddon blog
June 12, 2007

"Guidelines to help you determine which financial advisory firms provide true value from those that mostly offer marketing fluff. First, the firm needs to have the knowledge and expertise to successfully manage your financial issues. The CERTIFIED FINANCIAL PLANNER™ certification is becoming the industry benchmark to signify planners who agree to adhere to the highest internationally recognized standards of competence and ethical practices."

Martin Shields
Richmond.com
May 31, 2007

"The most respected financial planning credentials are CERTIFIED FINANCIAL PLANNER™ certification, also known as CFP® certification and Personal Financial Specialist (PFS) designation for Certified Public Accountants, both of which indicate that the persons holding the marks have extensive experience and have passed comprehensive examinations in tax planning, investments, and estate and retirement planning."

Elaine Morgillo
Seacoastline.com
May 13, 2007

"It is important to be aware that the term 'financial planner' is not regulated and anyone may call themselves a financial planner. However, CERTIFIED FINANCIAL PLANNER™ practitioners are regulated, and must agree to abide by written standards of practice and a code of ethics set forth by Certified Financial Planner Board of Standards, Inc."

Dylan Ross, CFP®
Get Rich Slowly
April 24, 2007

"Basic financial planning will benefit you whether you're switching employers or careers, going back to school to learn new professional skills, or branching out to be your own boss. After reading the tips below, you may also want to contact a CERTIFIED FINANCIAL PLANNER™ professional to help you tailor your transition strategy."

Tom Musbach
Yahoo! HotJobs
January 9, 2007

"You want to objectively consider three factors: credentials, ethics and business practices. For credentials, "CFP® certification is the best for planners."

Marshall Loeb
Marketwatch.com
January 3, 2007