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Why Use a Certified Financial Planner?

by Steven Podnos, Md, Cfp • Aug. 3, 2015 • 1 min read • [original](#)

Many professions have a course of study and testing followed by the award of a degree. Physicians have their MD and DO degrees, dentists have their DMD, and attorneys have their JD.

In the financial world, for those that work to give advice, the Certified Financial Planner (CFP®) certification has come to represent an equivalent "mark" of training and ethics.

In most cases, achieving the CFP mark is a three-part process that takes several years. There is a course of study that involves the various factors in financial planning: such as estate planning, insurance planning, asset protection, retirement planning, and much more. Following a successful course of study, there is a capstone course that puts the previously learned information together along with a demonstration that the applicant can perform a financial plan. Next comes a difficult test that's given nationally, with an approximate 60 -percent pass rate. Finally, there is a three-year experience requirement before the mark can be used.

Following this achievement, continuing education is required annually, as well as a continual monitoring of ethics by the CFP Board. CFP certificants who provide financial planning must be fiduciaries for their clients. The CFP Board is pushing for legislation in Congress to provide a high fiduciary standard for all financial advisors. There are really no other certifications that concentrate as much on the financial planning process, and many "marks" can be obtained with a check and a weekend course.

There is a small loophole for CFP certificants that do not hold themselves out as financial planners. You might come across such an individual in a brokerage that uses commissions as compensation. If the CFP is providing only sales and not advice/planning, they do not have to be a fiduciary.

Make it simple. Start with someone who at least has passed the rigorous process of obtaining the CFP certification. From there, ask the simple question: "Are you a fiduciary for me and would you sign a document stating so?" If the answer is not clear, move on.

If you are looking for financial advice, start with the website www.letsmakeaplan.org. This site will let you know more about those with the CFP certification and allow you to search for a certificant in your area. You can also go further and search Napfa.com, which limits its members to strict fiduciary fee only planners. It's hard to go wrong there and easy to go

wrong elsewhere.

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