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Seeking a Financial Advisor? You Probably Need a CFP



Steven Podnos, CFP® , MD, MBA | October 20, 2016

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Many professions have a course of study and testing followed by the award of a degree. Physicians have their M.D. and D.O. degrees, dentists have their D.M.D. or D.D.S., and attorneys have their J.D. Such credentials act to inform consumers, patients or clients that the professional has both matriculated and been tested as having a certain level of knowledge and expertise in a field.

We go to physicians for advice that is best for our health and to lawyers for advice in legal situations. In the financial world, the [certified financial planner designation](#) has come to represent an equivalent mark of training and ethics for those seeking advice for their financial and investing matters. (For related reading, see: [The Alphabet Soup of Financial Certifications](#).)

CFP Training Ground

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 elements of financial planning such as [estate planning](#), insurance planning, asset protection and [retirement planning](#) (and much more). Following a successful course of study, there is a capstone course that brings all of this information together along with a demonstration that the applicant can create a financial plan. Next comes a difficult test, given nationally, with an approximate 60% pass rate. Finally, potential advisors must complete three years of work experience before the mark can be used.

Following this achievement, continuing education is required annually, as well as a continual monitoring of ethics by the [Certified Financial Planner Board of Standards](#). And CFP certificants that 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 as the CFP, and many other 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 or planning, they do not have to be a fiduciary. (For related reading, see: [Duties of Fiduciaries](#).)

How to Find a CFP

Make it simple. Start with someone who at least has passed the rigorous process of obtaining the CFP certification. Then ask the simple question, “are you a fiduciary for me, and would you sign a document stating so?” If the answer is not clearly yes, move on. Then pursue a review of your financial life—don’t be satisfied with just an investment portfolio. You should review many aspects of life including insurance, basic estate planning and more. A good CFP should want to know a great deal about you before they would be comfortable investing for you. Finding someone who is perfectly happy to invest your money without many questions is a red flag.

If you are looking for financial advice, start with the website www.letsmakeaplan.org, which will let you know more about those with the CFP certification and allow you to search for one in your area. Or, go further and search at Napfa.com, which limits its members to strict fiduciary fee-only planners. (For related reading, see: [6 Questions to Ask a Financial Advisor](#).)



Podnos, Steven

Merritt Island, FL

www.wealthcarellc.com/

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