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Do your research when hiring a financial planner



Have you ever wondered what the different financial designations mean behind the name of a financial adviser and why they are important?

Let's imagine it is a warm and sunny Sunday afternoon and you just finished having lunch with a close friend and his financial adviser, Bill. Before leaving, you shake Bill's hand, thank him for lunch and exchange business cards.

A couple of weeks go by before you discover his crumpled business card in the bottom of your briefcase. While glancing down at Bill's card, you notice three designations CFP, ChFC, and CFS included next to his name.

For a split second, a thought races through your mind. "I wonder what these letters mean?" Then you shove his business card back into your briefcase and continue searching for your dry cleaning claim ticket.

Studies show that most people spend more time planning a two-week vacation than their retirement. Before you forget your question about these designations or you make excuses not to find out remember that retirement is going to be the longest vacation of your life.

Although, there are many competent and ethical financial advisers who do not have designations, it is important as an investor to make yourself aware of education available to financial advisers, which help strengthen their experience.

The Certified Financial Planner Board of Standards helps provide the public with information in identifying financial planners who have their CFP.

A certified financial planner has to complete a comprehensive course of study at an accredited university or may submit a transcript of previous financial planning coursework to the Certified Financial Planner Board for review. He or she also has to pass a two-day, 10-hour certification examination, in which all aspects of financial planning including tax planning, retirement planning, estate planning, investment management and insurance are covered. Additionally, his or her education must be supported with at least three years of experience in the field and he or she must abide by an ethical code of standards along with successfully passing a background check before using the CFP designation.

Once certified, in order to remain in good standing with the board, he or she must fulfill continuing education requirements and follow up background checks and disclosures.

A ChFC, or chartered financial consultant, is an educated and experienced financial planning specialist capable of providing expert advice on financial planning topics. Similar to a certified financial planner, a chartered financial consultant also must complete a stringent course load in topics related to taxes, financial planning, estate planning, retirement and investment vehicles, to name a few.

He or she must also pass an examination, have at three years of experience in the industry and abide by an ethical code of standards along with successfully passing a background check.

You may wonder what the difference is between the CFP and ChFC designations. A certified financial planner is considered an expert in all aspects of finance related to financial planning and a chartered financial consultant has demonstrated their vast and extensive knowledge in the financial planning process.

A CFS, or certified fund specialist, is considered an expert in the mutual fund industry. These planners advise clients on which funds to invest in and if they are licensed to buy and sell securities may purchase and sell funds for clients.

As an investor, take advantage of organizations such as the Certified Financial Planner Board of Standards, who do your homework for you. For more information visit public Web sites such as www.CFP.net, www.nasd.com or www.icfs.com.

John Schooler is a certified financial planner and president of WFP Securities and Western Financial Advisors. Call (858) 677-0377.