

Certified financial planner essay sample

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Financial planning is a professional practice that generally involves the planning, management or administration of financial matters such as retirement, investment, insurance, tax, real estate, cash flow, education, and business succession among others. (Gitman & Joehnk, 2007) It principally involves designing a financial plan custom fit to a client's specific needs, circumstances and objectives in order to maximize financial investment, minimize taxes, beat inflation or simply manage one's financial assets.

A career in financial planning is one of the most lucrative professions in the field of finance. Earnings can range from \$50, 000 to over \$100, 000.

(Robinson, 2007) Financial planners are compensated either through client fees or brokerage commissions. The former pertains to a compensation scheme in which the professional charges up front fees depending on the type and extent of service that he/ she provides. The former on the other hand pertains to a scheme in which the professional provides an investment plan for free and simply takes a commission or a percentage of the income generated from the investments that he/ she suggested. The chosen compensation scheme should be clearly laid out in the contract. Neither scheme is better than the other. What is important is the client has full trust and confidence to the planner and the planner creates the value to which he/ she was paid to do and will put the client's best interest before his own.

Obtaining a certification in one's profession as a financial planner is important to enhance one's competitive advantage. Certification from the Certified Financial Planner Board of Standards Inc. would provide an assurance to the public and prospective clients that the bearer has satisfactorily met the highest standards in financial planning in terms of

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education, experience, examination and ethics. Thus, it immediately communicates and demonstrates the professional's competence, capability, expertise and credibility in the practice of the profession. The certification means that you have undergone the test to be the best in the profession and have met the challenge. A certification thus immediately provides that distinct aptitude and status apart from non certified professionals. Most big financial service companies also include certification as a component of their hiring requirements or as a condition for retention or promotion. Thus, a certified financial planner not only augments one's potential customer base but increases one's career opportunity and growth. Finally, as a most sought after and trustworthy professional, the certification would increase one's worth and thus allow one to justifiably demand for greater fees or commission, which will further supplement one's potential earnings. (Certified Financial Planner Board of Standards, 2010)

Because financial planning is essentially an applied profession, the transition of a college graduate to the financial planning profession involves a difficult and lengthy development. A mastery of book knowledge is inadequate because it involves problem solving, analysis, synthesis, evaluation, leadership, counseling and communication, which are skills that can only be developed through hands on training or practice and experience.

Meanwhile, the practice of these skills also entails combine financial knowledge with comprehensive understanding of other professional fields such as economics, accountancy, marketing, management, psychology and philosophy, tax laws, insurance, and investments, among others. A case study approach is therefore appropriate in teaching the course. At the same

time, internships are also critical and should be integrated in the curriculum of financial planning courses to allow students initially gain the needed practical experience. (Goetz, et al, 2005)

The areas covered by financial planning is wide and varied such as investment, insurance, tax, real estate, cash flow, education, and business succession, among others. This also reflects the wide career opportunity and jobs available for certified financial planners (CFP). Among the typical jobs of a CFP includes working as a financial advisor, financial analyst, financial consultant, securities analyst, investment advisor, business consultant, tax consultant, real estate consultant, insurance consultant, among many others.

Financial planning is considered by the US Bureau of Labor Statistics among the top fastest growing professions, especially with the expansion of both individual and business investment and other trends such as the aging of the baby boom generation, and the financial crisis, among others. (Bernan and Labor Statistics Bureau, 2008) The aging baby boom generation for instance increased the demand for retirement and insurance planning as the older people prepare to retreat and just enjoy their twilight years. Businessmen from the baby boom generation are also engaged in business succession planning as they transfer management of their business to their descendants. On the other hand, the recent global financial crisis that plagued America also called for more prudent cash flow management and estate management, which require the services of financial planners.

Because of the adverse repercussions that many Americans experienced with the financial crisis, many citizens are also more inclined to plan for their

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future social security by investing in insurance, proper real estate investment and even education of their children. Those with a sound financial plan felt more on track and confident with the focus and stability of their future goals and dreams. (Brandon and Welch, 2009) The demand for financial planners will most likely continue as both businessmen and professionals try to be more meticulous in their financial expenditures and more upbeat and active in preparing for their future.

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