How to Choose the Right Personal Financial Planner

Brought to you by 360 Degrees of Financial Literacy and America's CPA Financial Planners

Take Charge: Your Money. Your Life.
Let’s get this out of the way …

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Your Hosts

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What do you need?

- Just want to get organized?

- Lost faith in the economy?

- Need a grand plan?

- Want to set limits on helping family members?

- Look for a personal financial planner who does what you need done
What Advisors Can Do

- Help articulate your goals
- Design financial strategies and make personalized recommendations for your personal financial situation and goals
- Independent perspective
- Implement/monitor/update your ongoing financial plan

Provide holistic or specialized expertise
- Cash flow planning
- Insurance planning
- Retirement planning
- Investment planning
- Estate/gift/wealth transfer planning
- Elder planning
- Charitable planning
- Education planning
- Divorce planning
- Tax planning
Where do you start?

- Educate yourself.
- Ask meaningful questions.
- Add a healthy dose of skepticism.
- Inquire and investigate.
- Connect.

- Find a CPA/PFS (www.findapfs.org)
- Ask your CPA
Due Diligence

- Scrutinize credentials
- Check background
- Ask probing questions
Alphabet Soup Credentials

- FINRA lists 149 credentials for professional designations
- More than triple the 48 credentials in 2005
- In 2011, the WSJ noted 115 additional credentials not tracked by FINRA
- Registered Investment Adviser (RIA) is not a credential.
Scrubtizze Credentials

- Learn about credentials at finra.com

- Numerous articles have been written on credentials
  - Wall Street Journal
  - Forbes
You may have heard of...

- CPA: Certified Public Accountant
- PFS: Personal Financial Specialist
- CFA: Chartered Financial Analyst
- CFP®: Certified Financial Planner
CPA
Certified Public Accountant

- Bachelor’s degree + additional year of college
- 14-hour CPA exam
- Annual 40 hours continuing education
- AICPA Code of Professional Conduct
CPA/PFS
Personal Financial Specialist

- CPA required
- Meet education/experience requirement + pass comprehensive exam on core areas of personal financial planning
- 60 hours of PFP-related continuing education every 3 years
- AICPA Statement on Standards in Personal Financial Planning Services
CFA
Chartered Financial Analyst

- Investments-intensive program with focus on financial analysis
- Three exams requiring an estimated 900 hours of study in accounting, economics, ethics, finance and math
- Process takes a minimum of two years following first exam
CFP®
Certified Financial Planner

- Equivalent of 15-credit hours undergraduate-level courses
- 10 hours of exams over two days
- Biannually 30 hours continuing education
Other Designations

- CIMA: Certified Investment Management Analyst
- ChFC: Chartered Financial Consultant
- CLU: Certified Life Underwriter
- AIF®: Accredited Investment Fiduciary
- AAMS: Accredited Asset Management Specialist

Many more listed on the FINRA website.
RIA
Registered Investment Adviser

- This is not a credential.

- This simply means the person has registered with either the SEC or the state securities board and has paid a registration fee.
Check Advisor Background


Ask Probing Questions

- What qualifies you to give financial advice?
- What personal financial planning services do you provide?
- How are you compensated?
  - If you sell products, what process have you gone through to ensure that these are the best options for me?
- Are you a registered investment adviser (RIA) or a broker; or both?
  - Will you always act as a fiduciary on my behalf?
- How much time will you spend with me?
- Who else will be working with me on my plan?
Questions and Resources

- Q&A

- Additional resources are available online
  - aicpa.org/pfp/consumer
  - 360financialliteracy.org

- Among them:
  - Checklists to use with your own return.
  - Today’s PowerPoint presentation.
  - Archived recording of today’s webinar.
  - Tips on choosing a financial advisor.